Daily Report

Latin America

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Guarantors Voice Satisfaction Over Demilitarized Zone

PY0208152895 Lima EL COMERCIO in Spanish 27 Jul 95 p A4

[FBIS Translated Text] In a press communique issued in Brasilia yesterday, the four guarantor countries of the Rio de Janeiro Protocol (Argentina, Brazil, Chile, and the United States) voiced their satisfaction over the establishment of a demilitarized zone on the Peruvian-Ecuadoran border. The following is an unofficial translated version of the communique:

1. The guarantor countries of the 1942 Rio de Janeiro Protocol — Argentina, Brazil, Chile, and the United States — acknowledged with great satisfaction the communique issued by the Mission of Military Observers for Ecuador and Peru (MOMEP) on 26 July. This communique announced the positive results of the meetings held on 25 and 26 July in Lima by the mission, with the participation of Ecuadoran Division General Cesar Duran Abad and Peruvian Brigade General Daniel Mora Zevallos. At the conclusion of the meetings, it was established that a demilitarized zone will by implemented as of 1 August 1995.

2. This decision marked the end of the consultations being carried out by the representatives of Ecuador and Peru in their respective capitals, thus giving continuity to the dialogue proposed by high-ranking officials of the guarantor countries and of Ecuador and Peru during the meeting in Brasilia on 22-26 June.

3. The guarantor countries believe the agreements reached would not have been possible without Ecuador's and Peru's willingness to hold dialogue. This positive attitude enhances the good faith and mutual confidence necessary to consolidate peace between the two countries. The agreement strengthens the guarantor countries' belief that they will continue to have the cooperation of the parties for the full fulfillment of the commitments undertaken in the Itamaraty Peace Declaration of 17 February 1995.

4. Argentina, Brazil, Chile, and the United States have given their permanent cooperation in the search for a lasting solution to the problem, and remain determined to help. Therefore, they voice their satisfaction with regard to the fact that on this occasion, as has been the case throughout the peace process, negotiations have prevailed.

5. They believe that the necessary conditions exist for the guarantor countries to be able to continue responsibly exercising the role entrusted to them.

[Dated] Brasilia, 26 July 1995

Mercosur Presidents To Discuss EU Accord, Free Trade Area

PY0208153095 Sao Paulo GAZETA MERCANTIL in Portuguese 27 Jul 95 p A5

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] Brasilia — The subject that will prevail during the talks among the presidents of the Mercosur [Common Market of the South] on 4 and 5 August in Asuncion will be the negotiation of a basic economic and trade cooperation agreement with the EU and negotiations with the United States for the creation of a Free Trade Area of the Americas (FTAA).

"It is important for the presidents to express their own views and to agree on the strategy to follow," said Ambassador Jose Botafogo Goncalves, Brazilian Foreign Ministry economic affairs under secretary. For the first time after the meeting of the trade ministers of the 34 countries of the American continent, which took place in June in Denver, the United States, the Mercosur presidents will meet to be informed by their advisers on the complications that could turn up in the negotiations. The agreement nearest to enactment is that with the EU, which will officially begin on 15 September in Brussels, with the presence of Brazilian President Fernando Henrique Cardoso.

There are differences of concept and time between the proposals made by the United States and the EU. "In the case of the Americas Summit that took place last December in Miami, the United States was in a hurry for Latin America to agree with the U.S. Government. The Europeans believe that relations with the Mercosur should be established in a more gradual manner. The European commission was not ordered to hurry a free trade agreement" with the Mercosur, said Botafogo.

The United States is in a hurry to form the FTAA, while Brazil is not. Brazil prefers to do things more calmly because there are problems with regard to access of Brazilian products in the U.S. market. For this reason, Brazilian diplomats believe, the United States would be the one to gain the most from the trade opening strategy.

The government foresees another danger: If by 2005 the rhythm of negotiations to form the FTAA fail, "the United States has a sword of Damocles hanging over us; namely, an internal law," said Botafogo, referring to the feared Section 301 of the U.S. Trade Law, which punishes countries considered unfair traders or as having closed markets. "The U.S. Government is not autonomous; it depends on the U.S. Congress, which is more sensitive to the U.S. economic sectors that feel threatened," the ambassador added.

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The EU also has some problems, such as its growth in size with the membership of Mediterranean countries that compete with the Mercosur in the area of agricultural products. At any rate, the Mercosur will carry out negotiations with the EU, on the condition that any agreement should broadly cover trade subjects without excluding any sector, especially agricultural products. A similar effort is being made with the FTAA. "The presidents will discuss the strategy of the negotiations," said Botafogo.

The Common Market Group (GMC) and the Mercosur Council of Ministers, which will also meet in Asuncion, will evaluate the implementation of the decisions made in Ouro Preto in December, including those regarding integrated customs control posts on the borders.

Uruguay and Paraguay are still adjusting the lists of items that must be adapted to the Common External Tariff (items that still have import tariff protection within the Mercosur), "which could mean that there is no transparency in the process," said a diplomat. The GMC and the council will decide what to do with the work subgroups and other institutions of the Mercosur that operated until last December.

Meet, Issue Resolutions

PY0208223295 Buenos Aires TELAM in Spanish 2351 GMT 1 Aug 95

[Report by TELAM-SNI correspondent from Asuncion, Paraguay]

[FBIS Translated Text] Asuncion, 1 Aug (TELAM-SNI) — The Common Market of the South [Mercosur] Trade Commission closed its sixth regular meeting on 1 August, issuing resolutions on the collection of the Common External Tariff [CET] by member countries and on the need to have the lists of exceptions ready. The meeting took place on the 17th floor of the Foreign Ministry's Aifra Building, and the resolutions were signed by Argentine, Brazilian, Paraguayan, and Uruguayan delegates.

The Trade Commission decided that Brazil, Uruguay, and Paraguay will collect the CET only once, when goods purchased from member countries but manufactured outside Mercosur enter their territory. This decision was aimed at consolidating customs tax collection because these three countries were collecting the CET twice.

The commission also decided that Argentina, Paraguay, and Uruguay must complete their lists of CET exceptions because the deadline to do so expired on 30 May.

The commission resolved that Paraguay and Uruguay must sign the Latin American Integration Association (ALADI) protocol to allow Brazil to incorporate the Decision Reconciliation Mechanism [Regimen de Adecuacion de Decisiones] into its legal framework.

Brazil pointed out at the meeting that it has not done this yet because neither Paraguay nor Uruguay have signed the ALADI protocol.

The opening of the market to computer industry products and capital goods manufactured outside the region will be discussed at the meetings that the Common Market Group (GMC) will begin on 2 August. It has also been decided that the Common Market Council must instruct the GMC to draw up a timetable for reconciling the list of pharmaceutical products, an issue that has not been resolved so far because the Mercosur Health Commission has met only once, in July.

The CMC will urge the member countries to exchange opinions for the implementation of the Mercosur Customs Code. It will also encourage the members to implement quality and health controls at customs houses.

The sixth regular meeting of the Trade Commission ended during the afternoon on 1 August, including in the minutes of the meeting the provision that its performance will be evaluated by the GMC, which will begin meeting on 2 August.

The meeting of the Mercosur-ALADI ad hoc commission began right after the meeting of the Trade Commission. This commission will discuss Bolivia's request to join Mercosur and Chile's proposal to establish a free trade zone.

Reportage on International Terrorism Conference

Argentina's Corach Opens Conference

PY0208161895 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1537 GMT 1 Aug 95

[FBIS Translated Text] Buenos Aires, 1 Aug (NA) — Interior Minister Carlos Corach asserted today that "no nation can, all by itself, successfully confront terrorism." He suggested that countries promote "the reconciliation of extradition treaties."

Corach also urged nations suffering the scourge of terrorism to counteract it by adopting political and legislative measures, and by reconciling international criminal laws.

The interior minister aired these views during the opening ceremony of the conference on "Consultations About Cooperation in Preventing and Eliminating International Terrorism," which is currently being held at the Alvear Palace Hotel in the city of Buenos Aires.

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Corach reported that although President Carlos Menem was to have attended this opening ceremony, he could not make it because the helicopter that was to have taken him there from the Buenos Aires Province borough of Avellaneda was unable to do so due to adverse weather conditions.

Menem was thus obliged to go from Avellaneda to Government House by car, accompanied by Buenos Aires Province Governor Eduardo Duhalde, with whom he then had a meeting.

Representatives from intelligence services of Argentina, Brazil, Chile, Paraguay, Uruguay, the United States, and Canada are attending the conference at the Alvear Palace Hotel, jointly sponsored by the Interior and Justice Ministries.

The objective of this conference is the coordination of regional endeavors to prevent and combat terrorism. It also seeks to create a data base to be used by all countries to enhance efficiency in the control of transit of people and in the exchange information.

Participants in these deliberations will also examine each country's antiterrorist laws, their experience in the exchange of information by secret services, and courts' jurisdiction over investigations into terrorist acts.

The Argentine delegation will make a presentation about the attacks perpetrated against the Israeli Embassy in Buenos Aires and the AMIA [Argentine-Israeli Mutual Association] headquarters, while the American delegation will discuss the attack on the World Trade Center in New York and the blowing up of the federal office building in Oklahoma City.

Deliberations will conclude with a final declaration and a joint proposal that will be submitted to the inter-American security meeting scheduled to be held in Washington, D.C. at the end of the year.

In his speech, Corach said that "our objective with regard to the question of jurisdiction is to reach consensus on common international criteria so as to reconcile laws and practices currently in force."

The interior minister further stated that "the overriding priority concerning extradition is to cover gaps and omissions that still persist" [in countries' legislation].

Corach went on to say that "political and legislative measures ought to be adopted so that judges, victims, and witnesses may receive special protection."

Later in his speech, the interior minister stated that "sharing information is an absolutely necessary condition in order to make progress in the fight against terrorism."

He then indicated that it is also central to reconcile international criminal law. He then stressed that "it is of paramount importance to establish international criminal courts to try this type of crime, although this may still be a remote possibility."

Corach said: "Not long ago, we used to view the tragic consequences of international terrorism as events far removed from our reality, as something we watched on television, but which could never occur in our streets and homes."

"Argentina was suddenly awakened to an international reality with which other countries have been coexisting for a long time," he emphasized. Corach subsequently called upon participants to "act swiftly and efficaciously to prevent international terrorism."

Paraguay's Podesta Addresses Conference

PY0208181395 Madrid EFE in Spanish 1822 GMT 1 Aug 95

[FBIS Translated Excerpt] Buenos Aires, 1 Aug (EFE) — Addressing the regional security meeting that opened in Buenos Aires, Argentina, on 1 August, Paraguayan Interior Minister Carlos Podesta asserted that his country does not want to become a haven for international terrorism.

Podesta stressed that "there have been no terrorist attacks" in Paraguay since the assassination of de facto Nicaraguan President Anastasio Somoza in Asuncion in 1980.

The interior minister pointed out that Paraguayan authorities "exercise strict control of the borders to prevent actions by guerrillas."

Interior ministers or secretaries and security experts from Argentina, Brazil, Canada, Chile, the United States, Paraguay, and Uruguay began a two-day meeting today geared to increasing regional cooperation in the struggle against terrorism. [passage omitted]

Argentina's Menem Closes Conference

PY0208224295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1741 GMT 2 Aug 95

[FBIS Translated Text] Buenos Aires, 2 Aug (NA) — President Carlos Menem today asserted that the Foreign Ministry will, on behalf of the Argentine Government, submit a project to "all the countries of the world" "to reconcile their legislation so as to be able to globalize joint action against terrorism."

Menem made these remarks during the closing speech of the conference on "Consultations About Cooperation in Preventing and Eliminating International Terrorism,"

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held at a hotel in Buenos Aires, which grouped together representatives from Canada, the United States, Chile, Uruguay, Brazil, and Peru.

The head of state arrived at the room where the conference was held accompanied by Foreign Minister Guido Di Tella and Interior Minister Carlos Corach, who opened the conference yesterday.

Menem apologized to his audience for having been unable to deliver the opening speech, and jokingly said: "Better late than never."

Menem made a brief description of terrorist activities in the world, noting that "at present no region is free from their attacks" and stressing that a commitment to eliminate this type of violence "is just being smart."

"The hate of terrorism is capricious and anarchical. We must equip ourselves with scientifically efficient means if we want to eradicate it," the president added.

Menem stressed Argentina's commitment to fight terrorism, and noted that one of his administration's immediate objectives, through the Foreign Ministry, is "to present a project at international forums seeking a juridical framework to fight international terrorism efficiently."

The president said: "Terrorism has become global in order to act at the international level, and therefore we must coordinate a global strategy against it. We must create a world network to destroy all its violent germs."

Menem recognized that the country has had a "difficult" time with terrorism in the past, and added that we must continue "to use all our resources" to prevent the recurrence of tragedies such as those that affected the Israeli Embassy (1992) and the AMIA [Argentine-Israeli Mutual Association] (1994).

The head of state said that "the exchange of information" is essential for coordinated work with other countries.

"It serves no purpose to have information and not share it. All the information must be coordinated, and the use of technologically advanced means must increase in order to cover all possible targets," Menem added.

The president recognized that the method he mentioned is only "one way to confront terrorism," adding that "the most important thing is to agree on ways to act."

Caribbean Summit To Review Tourism, Trade, Transportation

PA0308023295 Havana PRENSA LATINA in Spanish 1115 GMT 1 Aug 95

[FBIS Translated Text] Havana, 1 Aug (PL) — Experts working on preparations for the Caribbean summit, scheduled for 17 and 18 August, confirmed here today that the central topics will be tourism, trade, and transportation.

According to specialists consulted by PRENSA LATINA, documents with proposals drafted by three international organizations on these three areas will be provided to the heads of state or government for their analysis.

The Caribbean Tourism Organization is in charge of the report on this sector, while the Latin American Economic System and the Caribbean Common Market (Caricom) drafted the reports dealing with trade and transportation, respectively.

Issues dealing with the hotel sector's operations and viability, marketing the Caribbean as a tourist area, and the relationship between the tourist industry and the environment, among others, will be reviewed at the summit.

The agenda will also include air and maritime transportation, current trade within the Association of Caribbean States (AEC), and intersector liaison with tourism.

Leaders of the countries that comprise the AEC — an integration organization created a little over a year ago in the Colombian city of Cartagena de Indias — have been invited to attend the meeting, which is being sponsored by Caricom.

Twenty four sovereign nations and 11 dependent territories that are geographically, historically, and culturally linked to the Caribbean Sea have subscribed to the AEC charter on that occasion. The AEC's permanent secretariat will be located in Port of Spain, capital of Trinidad and Tobago.

The nations that signed the charter included the 13 Caricom countries, all the Central American nations, except El Salvador, which remains an observer, as well as Mexico, Colombia, Venezuela, Cuba, the Dominican Republic, and Haiti.

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Cuba

Havana Notes U.S. Ideological Dichotomy

FL0308020695 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 3 Aug 95

[From the "NTV" newscast]

[FBIS Translated Text] Over 1,000 hours of radio broadcast a week are aired to Cuba by anti-Cuban stations located in the United States; this is ideological warfare without precedent.

President Clinton was justly shocked by the events in Oklahoma, forewarned Americans of the consequences of the hateful and bitter speech of those who use radio in the United States to attack the government and spread hatred.

The Oklahoma City bombing made many people realize the far-reaching consequences of such hateful speech. We are quite aware of this, having for over 30 years resisted the unbridled harassment of anti-Cuban stations that endeavor to [words indistinct], openly or furtively inciting acts of violence against the Revolution or criticizing its efforts.

However, the same people who have placed a siege upon the Cuban economy underwrite a huge number of radio broadcast hours to criticize it. Isn't this odd! Keeping in mind Cuba's population and land mass, Cuba is resisting a propagandistic onslaught without precedent in the annals of contemporary history.

[Screen reads: Over 1,000 hours of radio broadcast a week are aired to Cuba by anti-Cuban stations.]

So-called Radio Marti has at times broadcasted 55 hours a day, through 11 frequencies, a weekly total of 385 hours.

[Screen reads: Medium-wave radio broadcasts — Radio Centro, Radio Mambi, Radio Fe, Radio Cadena Azul, La Cubanisima]

There are stations that badger and persecute people who show respect toward Cuba, as in the case of lawyer Magda Montiel. That intolerance is precisely what President Clinton criticized. However, it is contradictory that President Clinton calls for rejection of such irresponsible behavior and rhetoric while on the other hand, Right-Wing sectors endeavor to bolster reactionary radio and television broadcasts to Cuba. The very U.S. Federal Communications Commission grants licenses to these stations, and even recognizes paramilitary groups such as Alpha-66 and Los Veteranos, which openly display an aggressive attitude toward Cuba.

The Cuban Government has repeatedly denounced this radio aggression and has forewarned against its consequences. However, the response remains minimal.

Robaina Criticizes UN Security Council, U.S. Policy

PA0208142095 Madrid EFE in Spanish 2154 GMT 1 Aug 95

[FBIS Translated Text] Panama City, 1 Aug (ACAN-EFE) — Cuban Foreign Minister Roberto Robaina said today before departing Panama that "what worries us most" is that the UN Security Council "offers us insecurity" more than anything else.

"Security is what the world needs most, but I would say that insecurity is what the Council" offers us the most, because each time it meets "we wonder who will be bombed next," Robaina stressed.

He added: "We do not know where it will apply humanitarian intervention, where it will carry out a peacekeeping operation, and most recently we do not know where democracy will be restored, which lately arrives in helicopters."

Robaina, who recalled that Cuba has been a member of the Security Council, said he does not know if a group of countries is starting a movement to promote Cuba's return to that UN body because "many things are said in New York."

Robaina said that the subject of the immigration of Cubans and the "rafters" crisis is a closed matter or in any event it is a problem between Cuba and the United States. He recognized, however, that by accepting 8,000 Cubans rescued in Caribbean waters, Panama "in a way has contributed to the solution that is being applied today."

"We respected the decisions adopted by some governments, even though we disagreed with them," Robaina recalled. He added that the agreement between Washington and Havana on migratory policy is being respectfully complied with and is being reviewed every 45 days.

Regarding the U.S. base in Guantanamo, he stressed that Cuba regards it "as an illegally occupied portion of its territory," and therefore his country "does not have to give anything in exchange for its return."

"The fact that although there is a policy to close many strategic U.S. military bases in many parts of the world and yet the U.S. Government has not shown any interest in discussing the subject of Guantanamo is quite contradictory," he stressed.

Robaina said that the presence of a U.S. enclave in Guantanamo and the U.S. blockade on the island

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"unite Cubans to defend themselves" and that each day more U.S. citizens reject their government's policy, but admitted that "there are no signals pointing to the lifting" of those measures.

Three organizations of Cubans in exile today published a paid advertisement in local newspapers asking the Panamanian Government and merchants to halt business with Cuba because that money "is stained with the blood of thousands" of Cubans who wanted to live in a democracy.

The organizations Cuban Democratic Coalition, Cuban Unity [Unidad Cubana], and Cuban-Panamanians for a Free Cuba [Cubanos-Panamenos por una Cuba Libre] accused the Fidel Castro regime of maintaining an economic system similar to "apartheid" that only guarantees profits to foreigners.

Summary of Cuban Foreign Minister's Visit to Panama

PA0208135995 Havana PRENSA LATINA in Spanish 2317 GMT 1 Aug 95

[By Enrique Torres]

[FBIS Translated Text] Panama City, 1 Aug (PL) — Today, Cuban Foreign Relations Minister Roberto Robaina ended his official visit to Panama after three days of intensive work in Panama City.

This morning Robaina met with Health Minister Aida de Rivera and discussed issues of mutual interest in the health sector.

The health minister acknowledged the help of three Cuban doctors who, sponsored by the Pan-American Health Organization, are in Panama City because of the hemorrhagic dengue epidemic which is affecting the country's population.

Before leaving for Tocumen Airport, the Cuban Foreign Minister held a news conference in which he described the climate of understanding which he found among his hosts as the most significant item of his visit.

Robaina believes that the meeting held with high-ranking officials in the Panamanian Government has allowed the complete reestablishment of communications at government levels.

According to the Cuban Minister, the working schedule prepared by the Panamanian Foreign Ministry for his visit reflects not only a desire to have good relations, but also a desire to advance in that direction.

During his stay here, Robaina held a meeting with President Ernesto Perez Balladares in which they studied issues of bilateral interest and exchanged ideas on the reality of the two counties.

Robaina also met with his colleague Gabriel Lewis Galindo and discussed the upcoming international meetings, including the meeting of the Nonaligned and Ibero-American countries.

In addition, the Cuban foreign minister spoke with the commerce and industry, government and justice, and health ministers.

An important part of his visit was a meeting with more than 100 private sector businessmen in the Chamber of Commerce, Industry, and Agriculture where he explained the existing possibilities for foreign investment in Cuba.

In the opinion of some analysts, the Cuban foreign minister's visit to Panama contributes to strengthening ties between the two countries, although they are at their maximum level since the current Cuban ambassador to Panama presented his credentials in January 1995.

Robaina continued his trip today heading for Guyana where he will participate in a joint intergovernmental commission of the respective countries.

Robaina Discusses Foreign Investment in Panama

PA0208152295 Havana Radio Havana Cuba in Spanish 0000 GMT 2 Aug 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina has said in Panama that there is not the slightest possibility of Cuba renouncing communism to promote foreign investment.

During a news conference at the end of his visit to Panama, Robaina said he did not go to Panama to sign any accord or trade agreement, but to seek areas in which both countries can coordinate efforts to reach a concerted and integrated development.

Robaina added that Cuba has improved a law on foreign investment, adjusting it to the new needs. He recalled that in Cuba there are no foreign investments in sectors that are vital for the Cuban population, such as health and education.

Robaina Meets With Panamanian Businessmen

PA0208193895 Havana PRENSA LATINA in Spanish 0030 GMT 2 Aug 95

[By Rey Rodriguez]

[FBIS Translated Text] Panama City, 1 Jul (PL) — The meeting held by Cuban Foreign Minister Roberto

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Robaina with more than 100 businessmen caused great expectations in this capital, according to the opinions of local businessmen.

According to Juan Jose Vallarino, president of the Panamanian Chamber of Commerce, Industries and Agriculture, Panamanian businessmen are interested in Cuba's experience in the agro-industrial and tourism sectors.

Vallarino told PRENSA LATINA that the process of opening to foreign investment being currently undertaken by Cuba further opens the doors to increase Panamanian investment in the island, as well as to further promote Cuban products in Panama.

Approximately 40 Panamanian companies are currently operating in Cuba, as well as another 19 firms represented in Cuba by the CIMEX Corporation. In addition, bilateral trade is estimated at approximately $150 million.

Meanwhile, Moises Veliz, marketing manager of the Panamanian airline Copa, noted that he sees bright prospects in Cuba, since it represents a new market with an already created infrastructure.

Veliz mentioned the example of the new Copa route to Havana, which, only a month after being inaugurated, is already transporting 190 passengers -- including tourists and businessmen — in two weekly flights. Because of these large numbers, the airline is considering the possibility of increasing the number of flights to three per week before the third month is over.

Robaina's stay enabled us to learn more about one another and discuss the specific areas in which we can invest or exchange experiences, stated Victoria Figge, general manager of the Colon Free Zone. Figge also said that she feels great affection for Cuba and its people.

During his speech before Panama's leading business group at the Panamanian Chamber of Commerce yesterday, Robaina remarked that continuing to open its economy is among his government's priorities.

Cuba is not only a country of needs, but also a country of opportunities, Robaina stated today on the last day on his three-day official visit to Panama.

Robaina added that Panamanians are interested in Cuban medical, cultural, sports, and educational knowledge, while Cuba is interested in learning about Panama's experience in economic relations.

A leading delegation of medical experts is currently visiting Cuba to evaluate an epidemic outbreak. Therefore, what Panama sees as a need becomes an opportunity for Cuba.

Before this meeting, the foreign minister met with Panamanian President Ernesto Perez Balladares, his colleague Gabriel Lewis Galindo, as well as the ministers of government and justice and commerce and industry.

This afternoon, Robaina left for Guyana to participate in a joint intergovernmental commission.

Robaina Says Cuba Pleased With Mexico's Recovery

PA0208233795 Mexico City NOTIMEX in Spanish 0117 GMT 2 Aug 95

[By Sandra Paez]

[FBIS Translated Text] Panama City, 1 Aug (NOTIMEX) — Cuba hopes Mexico finds a solution to its economic problem and appreciates signs indicating the beginning of a recovery, Cuban Foreign Minister Roberto Robaina stated here today.

In an interview with NOTIMEX, Robaina admitted that the Mexican economic crisis considerably affected commercial relations between the two countries, but affirmed that these relations are beginning to recover.

Robaina arrived in Panama on Sunday, 30 July, on a three-day official visit that ended on Tuesday, and before leaving, he said he had come to Panama to "instill trust" in Panamanian businessmen to invest in Cuba.

The head of Cuban diplomacy remarked that "Cuba's main concern about the current Mexican situation is not what it could provide for them, but the hope that Mexico will recover for its own best interest."

At Tocumen International Airport, some time before leaving for Guyana, Robaina admitted that Mexico's financial crisis "has indeed had serious economic effects (on his country) because there has always been a very strong commercial relation."

Robaina stressed that relations with Mexico have been maintained and "I would say there has been a certain stalemate or a time when closer ties were not promoted, but they have not gone backwards in any manner."

"We have begun to have a new exchange with Mexico that has not yet reached the level" of previous years, he added.

The foreign minister said that in general, the relations with the government of President Ernesto Zedillo "are today at the same level which they have always been. After such a long time of having good relations, they are necessarily expected to be better."

"Mexico has never tried to exert pressure on Cuba. We have never had to face this because that country has

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repeatedly demonstrated that it knows how to handle pressure with regard to Cuba," he emphasized.

According to Robaina, during Zedillo's inauguration, members of the bloc of the National Action Party (PAN) talked to President Fidel Castro, "and on that occasion, an interest emerged to learn more about the Cuban situation."

Signing of Exchange Agreement With Ecuador Viewed

FL0208184095 Havana Cuba Vision Network in Spanish 0000 GMT 2 Aug 95

[From the "NTV" newscast]

[FBIS Translated Text] Cuba and Ecuador have just signed, in Havana, a medium-range agreement aimed at increasing exchange between the two nations, which has averaged $50 million over the last four years. Jose Vicente Maldonado, Ecuadoran minister of industry, commerce, integration and fisheries, and Ricardo Cabrisas, Cuban minister of foreign trade, signed the agreement in the presence of a group of Ecuadoran businessmen in Cuba to investigate investment and business opportunities.

[Begin recording] [Maldonado] This agreement endeavors to secure a greater exchange beyond the rhetoric; it clearly states that our two nations should cooperate and collaborate. We view this specific agreement as the best instrument to generate productive investment in our countries, thereby generating sources of employment, economic growth, and social progress.

[Unidentified speaker] Could this spirit of cooperation, demonstrated by the signing of this agreement, be hindered, limited or smothered by the Helms-Burton bill under discussion in the U.S. Congress?

[First unidentified speaker] [words indistinct] this irrationality [words indistinct] as I told an Ecuadoran journalist, will surely be unsuccessful. Ecuador is a sovereign nation. The negotiation and development of this agreement must depend on the efforts of the Cubans to assure that this agreement prospers and is successful. It will also depend on what Ecuador — its government, its people, its businessmen — do to make this agreement thrive and assure its success. There should be no interference of any nature. [end recording]

Minister Criticizes Helms-Burton Bill

PA0308045295 Havana PRENSA LATINA in Spanish 0019 GMT 2 Aug 95

[Report by Javier Rodriguez]

[FBIS Translated Text] Havana, 1 Aug (PL) — Jose Vicente Maldonado, Ecuadoran minister of industry, commerce, integration, and fishing, today described in this capital the draft bill by U.S. Congressmen Helms and Burton as an "irrationality that is not going to prosper."

Maldonado referred to the legislation currently being debated in the U.S. Congress, which is aimed at stepping up the economic and commercial blockade to the island and sanction countries that trade with the Antilean nation.

Maldonado explained that the development of bilateral trade will depend exclusively on Cubans and Ecuadorans themselves. Maldonado and his local colleague Ricardo Cabrisas met with the press after signing an agreement, which grants mutual tariff preferences for products from both states.

There will be no interference whatsoever, and the agreement signed today is the best instrument to generate investments, production, jobs, and social progress, he clarified.

The Ecuadoran minister expressed his wish that the agreement unleash a true explosion of trade between the two countries because it favors greater integration and cooperation. He then went on to thank for the attentions received from the island's government and people.

Cabrisas, in turn, mentioned his satisfaction for the signing of the document and considered it one more step toward strengthening Cuban-Ecuadoran relations.

We have also moved ahead in examining other agreement possibilities, taking into account Cuba's economic opening and Ecuador's market potentials, he added.

He then added that this agreement of partial extent is the beginning of a commercial, economic, and financial relationship and a step forward in the path of integration.

The signed agreement establishes a list of products that receive tariff benefits, including Cuban medicines, rum, and construction materials, as well as Ecuadoran food, lumber, and textiles.

The delegation, headed by Maldonado, which also comprises several Ecuadoran entrepreneurs, held today several interviews, including talks with Economy Minister Jose Luis Rodriguez and Chamber of Commerce representative Carlos Martinez Salsamendi.

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Self-Employment of Professionals Discussed

FL2907001995 Havana Radio Rebelde Network in Spanish 1600 GMT 27 Jul 95

["Straight Talk" program with guest Eda Disgarces, from TRABAJADORES newspaper, and host Osvaldo Rodriguez]

[FBIS Translated Text] [Rodriguez] Self-employment among doctors and teachers is today's issue. I think that some professionals were anxiously awaiting the Labor and Social Security Ministry's resolution allowing professionals to become self-employed. Eda, among the professionals, are these two sectors you have chosen — teachers and doctors. Why talk only about these professionals and not of all other sectors.

[Disgarces] As you said, this resolution was needed; it allows them to become self-employed. It was a necessity in Cuba and could not be set aside. It was approved. Doctors and teachers — we could also add scientists because that is what doctors and teachers are expected to become because their work is based on science. Both professions have characteristics that set them apart from other professions. I cannot see a doctor — who dedicates his life to people's well-being — working in any other sector. I think this hinders his professional development and the quality of his work with the people.

[Rodriguez] You are therefore assuming that the doctor is going to be involved in a task that has nothing to do with his profession.

[Disgarces] Yes, that's right — for example, selling food. In other words, involved in tasks that have nothing to do with his profession. We know that doctors have the same needs you, I, and any other professional or nonprofessional have. He is part of our society and faces the same prices any other person faces when we go to the farmers market. He needs pork for his family and for himself as well.

[Rodriguez] You recognize their needs. What do you propose these professionals do?

[Disgarces] Two things: First, they try to find — on their own — a way to increase their incomes. However, this path should be related to their profession and would serve to enrich their knowledge.

[Rodriguez] Are you talking about private practice and private checkups?

[Disgarces] No, no! We can never renounce two of the Revolution's most important accomplishments — education and free health care for everyone. I was suggesting things like giving lectures, which would not already be part of their jobs. Give lectures through contracts. However, he would have to prepare himself properly for this. Let's say he was a cardiology specialist — he might give a lecture in a university. Previously, the university would contract him for the lecture. Another possibility would be to give lectures on radio or television — there are specialized programs of this nature — in his area of knowledge. Furthermore, the lecture could be on something different. I know several doctors who are well versed in acupuncture and natural medicines. They could give lectures on this to the people, and in doing so, supplement their incomes which, by the way, are not small.

[Rodriguez] Today's issue is very sensitive. Self-employment among teachers and doctors. You propose something very interesting — that these professionals find paths in areas related to their professions. However, this has a limit. There are too many teachers and doctors for all of them to use this route. Those who are most qualified would have more opportunities and undoubtedly, those in the middle or under — I mean within their professions — would be out of the running. Shouldn't we find a way to stimulate those who would not be involved in giving lectures, or on radio and television?

[Disgarces] That was only one example. There are always ways. However, no professional should be satisfied with mediocrity. All professionals should strive to gain knowledge and not stay on the bottom. To obtain knowledge and avoid mediocrity, he must become totally dedicated to his work, thinking not only of what he is going to give to society, but to himself, even for his retribution [as heard] because he is promoted within his job based on his qualifications. In the university, they aspire to high-level courses [claustros de excelencia]. Our professors are more and more involved in today's universities around the world. We have had experiences in which our professors, who are eminent in Cuba, do not have a scientific degree [grado]. When beginning their lecture they were asked about their scientific degree. They replied; No, I do not have a scientific degree; I am a lawyer or an engineer. They were told: we are sorry, but you cannot give a lecture at this university unless you have a scientific degree. Even to work in many universities you are required to have a scientific degree. Today, in Cuba, less than one third of the professionals who work in our universities have scientific degrees. Now there is a plan, an idea [pauses]...it depends on the professors. You could have many plans, but if they are not willing it will never happen. The plan calls for having 45 percent of our professors obtain scientific degrees by the year 2000. However, we need to reach the 100 percent mark.

[Rodriguez] You said that the professionals' salary is not low. It would not be low if it had real value

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— I mean if the peso were to have a nominal value compared to market prices. However, it is low today because the peso's value is low. During these years, we professionals — yes, we, because we correspondents have been the light in society's eye — have adapted to the situation. I continue to speak plurally because we correspondents have also adapted, and so have all the rest of the professionals. We have adapted to living from our specific jobs without thinking that a competitive world was around the corner. We are faced with it now, and to survive and maintain our families' well-being, we may have to do more than one job. This is what you are proposing. I think that the first thing we must make professionals conscious of is that we must apply our intellects to finding a way to achieve that supplement — for the well-being of our families — within our own sectors; in any case, in professions related to those we have studied.

[Disgarces] I just pointed out two ways of achieving this: One, to find something on his own. The other is for a way in which society, community, and the family — in that order — can contribute.

[Rodriguez] Well, we are making a call and a proposition to doctors and teachers. However, they must live today — right now while you and I are speaking. Each has his own needs, a family large or small, and he must find his own resources. What today will happen to these people if they don't reach out to the very first thing they can get their hands on to help them supplement their earnings?

[Disgarces] Yes, Osvaldo, but the professionalism, prestige, and authority that you lose today is much more valuable than anything else. I believe that any professional with self-respect would agree. I do not think that desperation can make us lose this; we must find an alternative. I am not against professionals, and I have the same needs. One looks for another contract and other ways of increasing your salary. However, it cannot be done in such a way that damages your professionalism and your public image. These people ...

[Rodriguez, interrupting] Ethics.

[Disgarces] Yes, ethics. I always insist on professionalism; we cannot renounce it. Getting back to what I was saying, society can help.

[Rodriguez] What can society do for them?

[Disgarces] Right now Cuba is in no condition to increase salaries. I mentioned doctors' and teachers' high salaries, along with those of university professors and scientists. However, we know that elementary and middle school teachers do not have high salaries. That is what I was referring to — how society, community, and the family can contribute. There are still schools where the teachers' lunches are not guaranteed. Those are teachers without double work sessions, they are not half-board [semi internos] or middle schools. Their lunches are not guaranteed. We can and must guarantee their lunches. If the school cannot... [pauses] how many enterprises are there in the community that have cafeterias? How many teachers would they have to feed? How many enterprises have their own organic orchards from which they could give food to the teachers to take home? Even if it were only fruit to eat at the school or to take home. With regard to the teachers' clothing, the Education Ministry is making efforts to aid teachers so they can purchase shoes and other products. There are enterprises in all communities. Some of the teachers' greatest needs could be covered. The family can also help. Sometimes all economic responsibility is placed on the shoulders of the head of the family, and other family members could aid in other areas. In that way they could contribute to the family's economy. I think there are many ways of helping these people, who have the same needs as everyone else in Cuba. We can find ways to help, thus avoiding throwing away all the effort and resources — during this difficult period in Cuba — which have been put into giving teachers and doctors such noble professions. So many thousands of people will lose this and become mediocre professionals, just to obtain a few more pesos for the family's economy.

[Rodriguez] Yes, I think this call will reach them, deeply; and a great number of them will find ways of achieving this. Many thanks, Eda.

Haiti

CEP Manigat Confirms Emblems of Parties Appear on Ballot

PA0208135795 Port-au-Prince Signal FM Radio in French 1030 GMT 1 Aug 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] Mrs. Jessy Chancy Manigat, the secretary general [title as heard] of the Provisional Electoral Council [CEP], confirmed on 31 July during a news conference held on the premises of this institution that the emblems of the political parties appear on the ballot papers that will arrive on 1 August, contrary to what most Haitian political parties had requested from the CEP.

She announced the return soon of Mrs. Marie-Laurence Jocelyn Lassegue, the secretary general of the council, who was away from the country for several months for health reasons. Let us listen to Jessy Chancy Manigat:

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[Begin Manigat recording, in Creole] [words indistinct] ballot printers that have been printed, and they have been printed (?in accordance with) the provisions of the electoral law. This means once one has registered one's candidacy and that the 25 June elections [pauses] ... and that the elections were held on 25 June, the first ballot; the partial elections are still the first ballot, so the withdrawal of candidacies cannot be done within this space. We are talking about the first ballot, which has an extension, if you wish.

So, the ballot papers have the emblems of independent candidates and the emblems of the political parties to which the candidates belong, as well as their pictures, except for one card. In this case, both the party and candidate are already aware. It is the case of Hubert [last name indistinct], candidate for deputy in the first district of Grande Saline-Desdunes.

[Words indistinct] of the electoral law. If you refer to the electoral law, you will see that we are talking about candidacy registrations with the certificates of the parties. The partial elections are the continuation, the complement of the first ballot that can be done within limitations and provisions [words indistinct] [end recording]

I am reminding you that several political parties do not conceal that they intend to institute legal proceedings against the electoral institution if the latter uses their emblems during the next balloting of the elections.

Parties Make Proposals To Get Elections Out of Deadlock

PA0208201595 Port-au-Prince Signal FM Radio in French 1030 GMT 2 Aug 95

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] I am reminding you, I am pointing out to you that three political parties, notably the Nationalist Progressive Revolutionary Party of Haiti [PANPRA], the National Front for Change and Democracy [FNCD], and the National Congress of Democratic Forces [CONACOM] have proposed similar ways to get the electoral process out of the current deadlock.

These proposals include the acceptance of the principle of the recomposition of the Provisional Electoral Council [CEP] with the aid and participation of the political parties; the resignation of five of the nine members of the current CEP; allowing political parties to take part in the elections to choose four members of the new CEP; recasting the electoral machine; recomposition of the (?boards) and personnel of the Department Electoral Offices, Communal Electoral Offices, and Registration and Polling Stations with the aid and participation of political parties; that the parties be represented in the elections by their delegates as members; and the fast and adequate training of personnel.

The other conditions presented by these three parties include the formation of a tripartite commission made up of the new CEP, representatives of political parties, and international observers. Another condition is that all files and inquiries must be examined.

These are some of the points presented in this resolution by the three political parties, namely PANPRA, FNCD, and CONACOM, to get the electoral process, they say, out of its current deadlock.

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Finance Secretariat To Increase Yen Note Amount

PA0308045495 Mexico City NOTIMEX in Spanish 1504 GMT 1 Aug 95

[FBIS Translated Text] Mexico City, 1 Aug (Notimex) — The Mexican Finance Secretariat announced that it plans to increase its three-year yen note issue to $800 million in view of positive international market reception.

The Finance Secretariat explains in a communique that interest in the note issued, announced a few days ago by the federal government, originates mostly from Japanese national and regional financial institutions.

The communique explains that since these notes significantly exceed the original amount issued of 50 billion yen ($570 million), the Finance Secretariat decided to raise the amount to 70 billion yen, which is equivalent to $800 million.

The funds obtained from the sale of the note issue will allow Mexico to refinance, in an orderly manner, short-term foreign currency liabilities in the hands of the federal government.

The notes will bear an annual interest rate of 5 percent fixed in yen, that corresponds to a differential of 345 base points over the fixed rate, equivalent to the Libor [London Interbank Offered Rate] with a three-year maturity.

According to the communique, the positive manner in which Mexico's recent issues have been received by the international market is evidence of growing investor confidence in the current economic program.

Banxico Buys Bonds, Secretariat Issues More Securities

PA0208211695 Mexico City XEW Television Network in Spanish 0430 GMT 1 Aug 95

[From the "24 Hours" Newscast]

[FBIS Translated Text] The Bank of Mexico [Banxico] announced on 31 July that it purchased $608 million in Tesobonos [Treasury Bonds] of the $1.183 billion in securities that will come due on 3 August. As a result, Tesobonos now in public hands dropped to $5.834 billion, Banxico added.

The Finance Secretariat reported on 31 July that the issuance of three-year, yen-denominated securities, which the Federal Government announced days ago, has been very well received by the international market, especially among national and regional financial organizations of Japan.

The Finance Secretariat decided to increase the issuance to 70 billion yens, that is, about $800 million. These funds will allow the Federal Government to refinance short-term, foreign currency-denominated liabilities in an orderly manner.

Commission Extends Deadline for Credit Restructuring

PA0308042295 Mexico City XEW Television Network in Spanish 0430 GMT 1 Aug 85

[From the "24 Hours" newscast]

[FBIS Translated Excerpt] The National Banking and Securities Commission has reported that, at the request of the Association of Mexican Bankers, it has decided to extend until 31 August the deadline for the restructuring of credits in investment units, UDI's, that were due on 31 July.

A commission bulletin states that at the expiration of this extension, it will assess the restructuring in UDI's at each bank, and will grant, as the case may be, additional extensions or end the program at those banks that failed to channel UDI's assigned to them. [passage omitted]

Sodi Identifies Threat to Democracy

95CA0318A Mexico City LA JORNADA in Spanish 28 Jul 95

[Commentary by Demetrio Sodi de la Tijera, former Institutional Revolutionary Party member and member of the political reform-promoting San Angel Group: "Order and Progress"]

[FBIS Translated Text] In recent days demands from a variety of groups in the government, the PRI [Institutional Revolutionary Party], and the private sector have grown for President Zedillo to put aside his vacillation and return to the watchword of *order and progress* which, during the Porfiriato and in the last 65 years of our national life, did allow peace and stability, though at the cost of democracy and legality.

The disorder and violence we have experienced starting with the armed uprising in Chiapas and the political and economic difficulties the nation has faced since the start of this presidential term are being used by groups opposed to democratic change to make the people believe that the reason for our troubles lies in the struggle which the opposition parties and a variety of social groups are waging to demand a change in the Mexican political system.

Just a few weeks ago, as a consequence of the assassination of Magistrate Polo Uscanga, a well-known Mexican constitutionalist suggested in the media that "the time

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has come to suspend individual protections and to give President Zedillo the power he needs to restore order." This suggestion was received by some citizens as positive and necessary, and it led a number of commentators to call for greater harshness on the part of the government and the president.

A few days ago, a friend told me of the preliminary results of a survey being conducted in some states of the republic, which showed that a majority of the population favor giving priority to jobs, wages, stability, order, and the restoration of confidence over any political or electoral issues or issue related to democracy. Such thinking may be logical, given the economic distress which the majority of Mexican families are suffering. The groups which oppose democratic change will certainly try to make use of this if we are unable to explain to the people that the indepth reasons for instability and disorder lie in the inability of the present political system and of the present rulers to respond to a nation and a population that are increasingly pluralistic, diverse, participatory, and who demand that their opinion be heard and taken into account.

We must not allow it to be forgotten that the assassinations in recent months and the impossibility of clearing them up are the product of a struggle inside a worn-out system and party, of political narrowmindedness, of the lack of an independent Judiciary, of corruption, and of the penetration of government by drug trafficking.

We can not allow it to be forgotten that the electoral problems in Tabasco and Yucatan are the product of election frauds and the abuse of resources, not of the opposition's intransigence. We must not forget that what is happening in Guerrero is the consequence of the arrival in the state government of a man who has always relied on his harshness and willingness to use force to silence or eliminate his opponents.

We can not allow it to be forgotten that the present economic crisis is the product of the concealment of information, of decisions centralized in a small group of the elite, and of the lack of an autonomous Legislative Power, capable of stopping and demanding a reckoning from whatever president is in office.

The trap through which they want to delude us—making us think that instability and disorder are the result of opposition parties and groups—is merely an attempt to justify authoritarian solutions for the problems of Chiapas, Yucatan, Guerrero, and the DF [Federal District], and to avert any reform that might affect presidentialism, the PRI, and the corporate organizations, the only factors, they claim, with the ability to guarantee *order and progress*. The present moment is probably not the ideal time to attempt an indepth political reform, due to President Zedillo's weakness, the conflicts in the political parties, and the severe economic crisis. However, postponing any longer a discussion of political reform or opting for authoritarian methods in order to "resolve" the present problems can only lead us to greater disorder and instability, and even to violent clashes between opposing political groups.

The only way to guarantee *order and progress* is not to act as they did in the Porfiriato or in the last 65 years: avoiding democracy and centralizing power in a single person, in a single party, and in a few corporate organizations. The only way to ensure order and progress is by democratizing the government and all our national institutions by moving forward with dialogue and agreements, and by recognizing all the existing participants and political groups.

Of course, we all want *order and progress* but this can only be achieved if the nation is opened and democratized, if the law is obeyed strictly, and if minimal conditions of wellbeing are ensured for all Mexicans. They can not be achieved by trying to continue running the country for the sole benefit of a handful of the elite, as happened in the Porfiriato and in the Salinato.

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El Salvador

Nicaraguan Defense Minister on Struggle Against Gunrunning

PA0308043595 San Salvador Canal Doce Television in Spanish 1830 GMT 1 Aug 95

[Report by Ghandi Montoya, from the "Up-to-Date Newscast"]

[FBIS Translated Text] The defense ministers of El Salvador and Nicaragua have pledged to eradicate gunrunning in Central America. The pledge was made in this capital during a brief visit by Nicaraguan Defense Minister General Joaquin Cuadra.

General Cuadra said that, in his meeting with the Salvadoran defense minister, they talked about coordinating efforts to jointly fight organized crime and drug trafficking.

Criminal groups in our country have been found in possession of weapons that reportedly come from Nicaragua. The military officer did not rule out this possibility.

[Begin Cuadra recording] Indeed, Nicaragua has been the leading Central American market, or source, of illegal weapons. It is the leading place where these criminals have supplied themselves with weapons. [end recording]

The Nicaraguan military commander termed gunrunning as a critical problem. Hence, the urgency to adopt measures aimed at eradicating this black market.

[Begin Cuadra recording] We must not allow criminals to prowl our countries, much less to internationalize any criminal actions that threaten the stability of our countries, regardless of where these actions are carried out. [end recording]

General Cuadra concluded a brief visit to our country on Monday. He explained that he had met with members of the private sector to promote investments in Nicaragua. He said the visit is part of a new plan for close cooperation between the Armed Forces of Nicaragua and El Salvador.

Guatemala

Foreign Minister's 'Dark Side' Examined

95P20940A Guatemala City CERIGUA WEEKLY BRIEFS in English 19 Jul 95

[Published by Cerigua, the news agency of the Guatemalan Revolutionary Unity, URNG]

[FBIS Transcribed Text] Guatemala City, May 17. President Ramiro de Leon Carpio replaced his foreign minister today in what he called an effort to prioritize the peace process. Guatemala's ambassador to Mexico, Alejandro Maldonado Aguirre takes the reigns from outgoing Foreign Minister Maritza Ruiz de Vielman who tendered her resignation last week.

Government sources say the replacement of Ruiz reflects the president's desire to focus foreign policy on peace talks with the Guatemalan National Revolutionary Unity (URNG). De Leon, who must turn over power to a new government January 13, is anxious to conclude the peace process before his term ends, said government peace negotiator Antonio Arenales Forno. According to Arenales, Maldonado was in close contact with the peace talks during his tenure in Mexico.

Maldanado has enjoyed a long political career, having served as member of Congress, minister of education, Constitutional Court president, and ambassador to the United Nations, the European Union and Mexico.

But there is a dark side to the new foreign minister's politics. Like de Leon, Maldonado was once a member of the extreme-right National Liberation Movement (MLN), widely considered to be the party that founded Guatemala's notorious death squads. The new minister also served under two of the country's most bloody dictators: Francisco Arana Osorio and Romeo Garcia Lucas.

URNG, Army Clash in Southern Provinces

95P20940B Guatemala City CERIGUA WEEKLY BRIEFS in English 19 Jul 95

[Published by Cerigua, the news agency of the Guatemalan Revolutionary Unity, URNG; received via Internet]

[FBIS Transcribed Text] Guatemala City. July 18. The southern provinces of Santa Rosa and Jutiapa were the scene of frequent clashes between guerrillas and army troops this week, while in the capital the government announced its intention to lay criminal charges against rebel leaders.

Army sources reported killing two guerrillas in a skirmish near the village of Nancitas, Santa Rosa July 14. Government forces ambushed the rebel unit when it came to collect "war taxes" (financial contributions the rebels exact from wealthy landowners) from a local plantation owner, the army said. An army sargeant and a corporal also died in the fighting, according to volunteer firemen who collected the bodies.

The following day, Guatemalan National Revolutionary Unity (URNG) combatants launched simultaneous attacks on military posts in Pasaco, Jutiapa province and Nancitas. Volunteer firemen report four soldiers killed in the Jutiapa attack.

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Military sources also reported a two hour battle in the northern province of Alta Verapaz after rebels attacked the Fray Bartolome de las Casas garrison. The army said it sustained no casualties in the incident.

Meanwhile, Chief Prosecutor Ramses Cuestas Gomez launched an investigation against the URNG's top comanders for the alleged crimes of terrorism, arson, extortion (war taxes) and sabotage. The prosecutor's action responds to pressures in Congress from the right-wing Guatemalan Republican Front (FRG) and from plantation owners to put an end to rebel actions against them.

Bill To Compensate War Victims Proposed

95P20940C Guatemala City CERIGUA WEEKLY BRIEFS in English 19 Jul 95

[Published by Cerigua, the news agency of the Guatemalan Revolutionary Unity, URNG; received via Internet]

[FBIS Transcribed Text] Guatemala City, July 14. Human rights activists who lost homes and family during 34 years of counterinsurgency war and repression presented to Congress today a bill proposing compensation for their suffering.

The Mutual Support Group for Relatives of the Disappeared (GAM) is sponsoring the bill, which aims to benefit some 120,000 widows and orphans. The document proposes a variety of aid and compensation programs, including grants for secondary and postsecondary education and free health care for victims of the war; schools and health campaigns in the areas most affected by the fighting; and land, subsidized housing and credit for Guatemalans displaced by the conflict.

In the March 1994 Global Human Rights Accord, the government of Ramiro de Leon Carpio pledged to promote programs compensating victims of human rights abuses, but so far the executive branch has prepared no bills on the matter.

Exhumation Under Way in Quiche Province

95P20940D Guatemala City CERIGUA WEEKLY BRIEFS in English 19 Jul 95

[Published by Cerigua, the news agency of the Guatemalan Revolutionary Unity, URNG; received via Internet]

[FBIS Transcribed Text] Uspantan, Quiche, July 18. The remains of some 100 men, women and children were uncovered in a preliminary exhumation of a secret grave July 12 and 13 in the village of Agua Frio, Uspantan municipality, Quiche province. According to survivors, the victims were massacred by civil defense patrollers September 14, 1992 [date as published], during the dictatorship of Gen. Efrain Rios Montt.

"That tragic morning they gathered together 50 children, 25 women and a group of old people," said massacre survivor Santiago Enriquez Cuxin. "Then the patrollers and soldiers raped the women and tortured the old people. After that they locked them in a house high on the hill. First they shot the ones inside the house, then they threw grenades and finally they burned the hut down."

Residents of Agua Frio, like nearby Rio Negro and Plan de Sanchez were victims of a brutal army counterinsurgency campaign that wiped out some 440 villages in the early 1980s. Witnesses say civil patrollers from neighboring Xococ are responsible for the massacre.

The Public Ministry has pressed charges against ex-patrollers Carlos Chen, Pedro Gonzalez and Fermin Lajuj, who admit to participating in the slaughter.

Land Reform Proposal Criticized

95P20940E Guatemala City CERIGUA WEEKLY BRIEFS in English 19 Jul 95

[Published by Cerigua, the news agency of the Guatemalan Revolutionary Unity, URNG; received via Internet]

[FBIS Transcribed Text] Guatemala City, July 17. Metropolitan Archbishop Prospero Penados revived the sensitive issue of agrarian reform by calling July 14 for a new land distribution program.

The government should take strong measures to "promote accords and legislation aimed at forcing those who have too much land to sell to those who clamor for it," said the archbishop, who blamed the recent wave of peasant land invasions on the severe inequalities of land ownership in country.

The church leader opposed outright confiscation of landholdings, but said landowners could be pressured into selling by imposing a tax on unused lands. Penados argues that land redistribution and the generation of employment in the countryside are essential steps towards combatting poverty, hunger and malnutrition.

The archbishop's comments sparked a variety of responses from the political community and agrarian elite. National Union Center (UCN) legislator Julio Gonzalez Gamarra said a congressional committee is studying an agrarian reform simliar to that proposed by Penados. But congressional Vice President Lizardo Sosa Lopez argued that it is not feasible for Congress to deal with the delicate issue of land reform.

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Chamber of Agriculture President Humberto Pretti reacted strongly to the archbishop's initiative. "We oppose any attempt at land reform," said Pretti, adding that if the government was to respond to irresponsible calls for land distribution, it would soon be giving away the country's factories, industries and businesses.

President Ramiro de Leon Carpio also rejected calls for land reform, arguing that rural Guatemala's future lies in industrialization and the exploitation of forest reserves, not land redistribution.

Agrarian reform has long been a taboo subject in Guatemala where, according to government statistics, just 2.2 percent of the population owns 65 percent of the arable land — the most unequal land distribution in Latin America. The last government to attempt serious land reform was overthrown in a CIA-backed coup in 1954.

While politicians and clergy debate the issue, Mayan campesinos continue their own de facto agrarian reform. Campesinos occupied three estates in El Tumbador, San Marcos province July 11. Another 250 campesino families maintain control of Rio Frio estate in Alta Verapaz province, despite the jailing of seven of their leaders and a recent court eviction order. And campesinos occupying La Luz estate in San Raymundo, just north of the capital, have vowed to resist eviction by any means necessary, after courts gave security forces the go-head to dislodge them.

Menchu Encourages Voter Registration

95P20940F Guatemala City CERIGUA WEEKLY BRIEFS in English 19 Jul 95

[Published by Cerigua, the news agency of the Guatemalan Revolutionary Unity, URNG; received via Internet]

[FBIS Transcribed Text] Guatemala City, July 18. With less than a month left for voter registration, Nobel Peace laureate Rigoberta Menchu Tum is launching a campaign to help hundreds of thousands of Guatemalans who have never cast a ballot to register to vote November 12.

"The vote, freely and conscientiously exercised, is an instrument of democratic participation," said Menchu at the July 18 inauguration of her foundation's campaign to promote the vote. Menchu estimates that more than half of Guatemalans eligible to vote are not registered and that many of these lack the basic identification necessary to sign up. In some rural areas, 80 percent of women do not even have birth certificates, she said.

Political repression and highly unrepresentative political parties have also combined to produce rates of voter abstention that reached nearly 80 percent in congressional elections last August. Menchu, herself, admitted that November 12 will be her first time at the polls.

But this year Guatemalans may be experiencing a change of heart. The Supreme Electoral Tribunal reports a sharp upturn in the number of Guatemalans registering to vote, with some 22,000 names added to the list in the last two months. So far there are just over 3.5 million citizens registered.

Another obstacle to voter confidence is the ever present possibility of electoral violence and fraud. To counter such practices, President Ramiro de Leon Carpio made a call this week to political parties to sign a "gentlemen's agreement" that commits their candidates to clean elections and U.N. verification of the process.

Honduras

Central Bank President on Currency's Exchange Rate

PA3107141495 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 28 Jul 95 p 4

[FBIS Translated Text] Tegucigalpa — Central Bank President [BCH] Hugo Noe Pino has recognized he does not know what the dollar's exchange rate will be as compared to the lempira by year's end, because he does not know what will happen in the last two months.

This is what the official replied in connection with statements given by Economic Cabinet coordinator Guillermo Bueso, who revealed the dollar's exchange rate could be more than 10 lempiras by year's end.

Noe Pino recognized the dollar's exchange rate will continue to increase, but it will be necessary to wait for the coffee exports' foreign currency revenues in November and December.

Referring to statements given by Bueso, his chief in the economic cabinet — who said the lempira's depreciation as compared with the dollar will be 17 percent rather than 10 percent — the BCH president said "the rate is being analyzed, and it is expected to be 9.80 lempiras for a dollar." This proves a clear contradiction in the statements given by the economic cabinet members.

When asked again if the dollar's exchange rate will surpass the 10-lempira mark, he told reporters "I will let you calculate that based on 1 percent every three weeks" and refused to elaborate on the answer.

Noe Pino also recognized a difficult phase is currently being faced in the demand and supply of U.S. currency. This was caused by the government's failure to collect

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the expected foreign currency, due to a drop in coffee prices in the international market.

As usual, he said the situation is not worrisome because there is a capacity to maintain the depreciation rate.

Economic Coordinator Reassesses Price of Dollar

PA3107201795 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 28 Jul 95 p 4

[FBIS Translated Text] Guillermo Bueso, coordinator of the economic cabinet, has predicted that the price of the dollar will exceed 10 lempiras, thus proving that the government's goal to stop the domestic currency from sliding further vis-a-vis the U.S. currency is a failure.

After learning of the fluctuations of the dollar prices in the Central Bank's auction system and in the black market, the government official recognized that the foreign exchange control is no longer in the government's hands.

Another Failure

This is the second goal, in economic matters, the government fails to achieve. The economic cabinet had made the forecasts. The inflation rate was proposed to be at 12 percent, but it already exceeds 20 percent.

In early 1995, when the economic cabinet unveiled the monetary and foreign exchange policies for the current year, it announced that, as a goal, the price of the dollar would undergo only a 10-percent devaluation.

On 27 July, however, Bueso announced that this goal will not be achieved and that it will now be approximately 17 percent. In other words, the exchange rate will exceed 10 lempiras.

Starting on 27 July, the base price of the foreign exchange in the auction system will be 9.40 lempiras; that is, it increased by 0.09 centavos. Meanwhile, the exchange rate was being quoted at 9.85 lempiras in the black market and is expected to keep increasing.

It Could Reach 11 Lempiras

This shows that the price of the foreign exchange could be near 11 lempiras by year's end. In wanting to somehow placate the criticisms on the auction system, Bueso pointed out that "stability was never offered and that it is hard to keep a fixed foreign exchange rate."

He added that "we all know what could happen to the exchange rate vis-a-vis the lempira; at the most, we could have the depreciation of the lempira near 17 percent or a little bit more." He explained that they expect this figure to be the maximum depreciation for the current year.

The coordinator of the economic cabinet also explained that the devaluation of the domestic currency is due to the excess demand for dollars we currently have, especially because people need foreign exchange for Christmas purchases.

The Foreign Debt is Suffocating

In referring to the foreign debt Honduras owes to international organizations, Bueso affirmed that these commitments are being prioritized, especially because of the huge amounts that must be allocated and that are suffocating the country.

Nicaragua

Foreign Ministry Issues Communique on U.S. Aid Confirmation

PA0308044595 Managua BARRICADA in Spanish 1 Aug 95 p 2

[FBIS Translated Text] U.S. President Bill Clinton yesterday decided to ratify the aid to Nicaragua for another year, despite the demands from extreme right senators, who demand its suspension until the property issue is definitively settled.

Secretary of State Warren Christopher yesterday notified the U.S. Congress of Clinton's determination to exercise his legal authority and prevent, for another year, the implementation of Section 527 of the Foreign Authorizations Law.

An official communique from the Nicaraguan Foreign Ministry states that the measure adopted by the U.S. Administration for the second consecutive year is based on an overall and integral evaluation of the United States' national interests.

According to the Foreign Ministry, one of the factors that influenced Clinton's decision is a recognition of the magnitude and complexity of the property issue in Nicaragua and the progress achieved in the solution of U.S. property cases.

The Foreign Ministry does not rule out the possibility that the pledge assumed by President Violeta Barrios de Chamorro to fully settle the problem before she concludes her term on 10 January 1997 also influenced the decision.

Likewise, the Foreign Ministry considers important the decision adopted by the Nicaraguan Government to subject the cases of foreign citizens to international arbitration if they so desire.

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Industrialists Term Renewed U.S. Aid 'Excellent News'

PA0308040395 Managua Radio Nicaragua Network in Spanish 1130 GMT 2 Aug 95

[From the "Six Twenty Newscast"]

[FBIS Translated Text] Excellent news for the country's entrepreneurial and productive sector was the description of renewed U.S. aid to Nicaragua announced by Dr. Gilberto Solis, executive secretary for the Nicaraguan Chamber of Industries.

I suppose that the U.S. Government understands that Nicaragua is involved in a broad democratization process and that it needs these resources for production. This is good news to all Nicaraguans because regardless of the political problems, Nicaragua needs to develop its economy, Solis said.

Panama

Cuba's Robaina Terms Visit 'Positive'

PA0208133695 Panama City Circuito RPC Television in Spanish 2300 GMT 1 Aug 95

[Report by Luis Alberto Jimenez from the "RPC Television News" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina described his visit to Panama as positive because of the reestablishment of communication between both nations.

The Cuban foreign minister explained that the talks held while in Panama with various government officials open the door to future agreements between both Cuba and Panama. [Begin Robaina recording, in progress] ... a program that includes not only the level of Foreign Ministries, but also an exchange with the ministers of commerce and industry, health, government and justice, and a meeting with the president of the Republic, as well as meetings with top local businessmen, and a special meeting at the Chamber of Commerce with leading Panamanian businessmen. I believe this is a reflection of a willingness not only to have good relations, but also a practical willingness to advance in that direction. [end recording]

The diplomat explained that the initiative is framed within the economic opening Cuba is currently experiencing, which includes foreign investments aimed at utilizing Cuba's prime resources, and not involving institutions that provide social services.

Robaina announced the participation of Cuba in trade fairs organized in Panama and throughout the Caribbean.

The Cuban minister met with the media a few minutes before leaving for the airport to board an airplane back to his country.

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Argentina

Di Tella Confirms Visit of Syrian Experts

PY0208202395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1300 GMT 2 Aug 95

[FBIS Translated Excerpt] Buenos Aires, 2 Aug (NA) — Argentine Foreign Minister Guido Di Tella has confirmed that Syrian scientists will visit Argentina in mid-August to discuss the possibility of bilateral nuclear cooperation, and to look into the purchase of a nuclear reactor.

The foreign minister denied, however, that President Carlos Menem's trip to Syria in November 1994 was tied to the resumption of Syrian-Argentine negotiations for the supply of a nuclear reactor.

Di Tella said: "During that trip, my Syrian counterpart wanted us to sign a nuclear cooperation agreement. I told him we were not prepared to sign, but were willing to look into the issue. A Syrian delegation will arrive in 15 days to study nuclear cooperation."

Di Tella explained that the talks with Syrian scientists "will in no way harm" Argentine relations with Israel and the United States because "strictly speaking, we are not negotiating with Syria."

One Buenos Aires daily, on 2 August, quoted Di Tella as saying: "We are waiting to ask these people what they want. They have told us that what they want is absolutely peaceful. We will listen to them and then ask our neighbors what they think about it."

He stated that the United States will be consulted prior to any decision and admitted that the Israelis were "worried" about the possibility of Syria buying a nuclear reactor from Argentina.

The foreign minister emphasized that he promised "not to sell anything to Syria that would worry Israel because the latter is a staunch ally of the western coalition." [passage omitted]

Communique Issued on Border Dispute With Chile

PY0208181695 Buenos Aires TELAM in Spanish 1954 GMT 28 Jul 95

[FBIS Translated Text] Buenos Aires, 28 Jul (TELAM) — The Foreign Ministry reported this afternoon that the Arbitration Court that is settling the Laguna del Desierto dispute between Argentina and Chile has closed the period for filing observations and has announced that it will meet soon to pass judgment on the petitions filed by the two sides.

The Foreign Ministry reports that this verdict was issued after a meeting held by the Arbitration Court between 24 and 28 July "at the Inter-American Juridical Committee headquarters in Rio de Janeiro."

The official communique also notes that, "pursuant to the arbitration rules, the ruling issued on 21 October 1994," favoring the Argentine position, "is binding for the two sides, final, and unappealable." "Compliance with this ruling rests on the honor of the two nations," the official communique notes.

The communique adds: "The Argentine Government confirms that it wants the Arbitration Court to pass judgment as soon as possible, rejecting the Chilean petition of 31 January 1995."

The official communique notes that, even though the Chilean Government "initially declared that it would comply with the ruling issued by the Arbitration Court," on 31 January it filed "an ancillary" appeal with the Arbitration Court "against the interpretation and method of implementation of the ruling issued on 21 October 1994."

Therefore, on 22 February 1995 the Arbitration Court issued a verdict by which, "without passing any judgment on the admissibility of the Chilean petition, it transferred the Chilean petition to Argentina for raising the appropriate observations within a 90-day period."

The Arbitration Court's verdict also notes that "the Argentine response to the Chilean petition for reviewing the ruling" would be transferred to Chile for raising the appropriate observations within a 30-day period. The court's verdict also notes that these Chilean observations would again be transferred to Argentina for raising observations within a 30-day period, "thus closing the period for filing observations."

The Foreign Ministry communique notes that Argentina filed its initial observations on 24 May and its subsequent observations on 23 July, "confirming petitions for fully rejecting the Chilean petitions to review the ruling and the interpretation of the ruling."

The Foreign Ministry points out that, pursuant to the press communique released today, the Arbitration Court "decided to close the period for filing observations from the two sides."

The Foreign Ministry indicates that the Arbitration Court "reviewed the observations filed by the two sides and, within the framework of the verdict issued on 22 February, that is, without passing any judgment on the admissibility of the Chilean petition of 31 January 1995, agreed to meet again. A date will be established by the Arbitration Court chairman to pass judgment on the petitions filed by the two sides."

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The official communique points out that the Arbitration Court's sessions were chaired by Arbitration Court Chairman Rafael Nieto Navia. Arbiters Reynaldo Galindo Pohl, Santiago Benadava, Julio Barberis, and Pedro Nikken; geography expert Rafael Mata Olmo; and Arbitration Court Secretary Ruben Amaral Jr. were also present at the sessions, the official communique notes.

Finance, Public Revenues Secretariats To Merge

PY0308030395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1051 GMT 2 Aug 95

[FBIS Translated Text] Buenos Aires, 2 Aug (NA) — Economy Minister Domingo Cavallo has announced that Finance Secretary Ricardo Gutierrez will manage the Public Revenues Secretariat, which was left vacant after Carlos Tacchi's resignation, by merging the two secretariats.

Despite his resignation, Tacchi will continue to serve as an "ad honorem" adviser to the economic team, and will introduce to other countries the tax reform system implemented during his tenure.

Cavallo emphasized: "Tacchi cannot be replaced. We will therefore merge his secretariat with the Finance Secretariat. We will possibly appoint a public revenues under secretary."

Hugo Gagero, National Bank executive vice president, would be the person to manage the secretariat that Tacchi had been managing until 1 August, but with a lower rank.

Cavallo's decision, which was announced yesterday, of not appointing anyone to the post left vacant by his former public revenues secretary is based on his "hope" that Tacchi would return to his post "when the conditions are appropriate."

Cavallo noted that these "conditions" would be met if "there is a discussion about tax laws that do not include special treatments, extensions, or benefits for just a few sectors."

Incidentally, the extension of the agreements on shared trade union responsibility for the wine growing and tobacco sectors, among other sectors, prompted Tacchi's irrevocable resignation of his post.

Cavallo himself admitted that Tacchi believes "there are congressional proposals that have not been vetoed by the executive branch, proposals that are undermining some taxes or benefiting just a few sectors and are rendering the drive against tax evasion ineffective."

In this regard the economy minister denied that the resignation of one of his most important secretaries had been caused by personal problems with the cabinet chief, Eduardo Bauza, with whom Tacchi had entered into an argument over the extension of the agreements on shared trade union responsibility that benefited soccer clubs.

Cavallo also denied that Tacchi's resignation represents a victory for Congress in their contention over the tax issue. The economy minister denied that the congressmen want to remove other Economy Ministry officials or himself.

Cavallo emphasized: "We are regaining our ability to hold talks with the bloc of Justicialist Party deputies, talks that unfortunately were interrupted in 1994 and this year."

Visibly sorry, the economy minister said Tacchi's resignation represents "lamentable and sad news." Cavallo described him as one his "best" officials.

Cavallo emphasized: "Unfortunately, even though (President Carlos) Menem and myself had hoped he would change his stance, Tacchi has confirmed to me that he cannot withdraw his resignation."

[NOTICIAS ARGENTINAS at 1318 GMT on 2 August transmits a 70-word report datelined Buenos Aires that adds: "Ricardo Gutierrez, the finance and public revenues secretary, today committed himself 'to maintaining (Carlos) Tacchi's effective work in preventing tax evasion.' Concerning Tacchi's departure, Gutierrez noted that 'a man who cannot be replaced has been lost, and his departure will not be easily resolved.' Gutierrez, who made remarks after an economic team meeting, said he was unaware of the fact that Ricardo Cossio, the General Directorate of Taxation head, had also tendered his resignation."]

General Directorate of Taxation Chief Resigns

PY0208233095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1347 GMT 2 Aug 95

[FBIS Translated Text] Buenos Aires, 2 Aug (NA) — Ricardo Cossio, the General Directorate of Taxation (DGI) head, has resigned, one of his secretaries told the journalists accredited to the Economy Ministry.

Cossio tendered his resignation late on 1 August, following confirmation of the resignation tendered by Public Revenues Secretary Carlos Tacchi.

However, Economy Minister Domingo Cavallo said last night that he had no information concerning the departure of the DGI head.

Cossio was appointed DGI director when Nestor Rapanelli was economy minister.

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Army Chief of Staff Ignores Massera Remarks

PY0208173395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1309 GMT 1 Aug 95

[FBIS Translated Excerpt] Buenos Aires, 1 Aug (NA) — General Martin Balza, the Army chief of staff, today said it is "a waste of time and indication of a lack of respect" to voice an opinion on the remarks that former Admiral Emilio Massera, a member of the first military junta, made against him.

Balza emphasized: "Sometimes it is painful for me to talk about a man like Emilio Massera. I even believe it is a waste of time and an indication of lack of respect for our society because, as our young people say, he is no longer current."

Balza thereby responded to remarks voiced by Massera, who, in a magazine, noted that the current Army chief of staff "was not a poor boy who was unaware of what was happening." Massera was hinting at the outrages committed by the Armed Forces after the government of Maria Estela Martinez de Peron was overthrown. [passage omitted]

Admiral Molina Disagrees With Massera Remarks

PY0208174295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1600 GMT 31 Jul 95

[FBIS Translated Text] Buenos Aires, 31 Jul (NA) — Admiral Enrique Molina Pico, the Navy chief of staff, pointed out today that the remarks voiced by [former Admiral] Emilio Massera, a member of the first military junta, were made "in his own name." Molina Pico added that he does not "agree at all" with Massera's criticism of Lieutenant General Martin Balza, the Army chief of staff.

After a ceremony to bid farewell to the peacekeeping troops bound for Cyprus, Molina Pico explained to the journalists: "This gentleman (Massera) speaks in his own name. As you know, he does not have military status and does not have any relationship with the Navy."

Concerning the self-criticism voiced by the three military chiefs, the Navy chief of staff emphasized that the Navy "looks at the future and jointly works with the Army and the Air Force, cooperating with Argentina's final integration."

Molina Pico thereby denied that the remarks Massera voiced last week for a weekly magazine had prompted friction among Armed Forces personnel. Molina Pico emphasized: "Within the professional field, we jointly and closely work with the other branches of the Armed Forces."

Molina Pico confirmed that this afternoon the chiefs of staff and Defense Minister Oscar Camilion would review the operational impact of the [defense] budget cut, which he described as "very significant."

Molina Pico also announced that this budget cut would force the cancellation of international operations that have already been scheduled, including the UNITAS exercises with the U.S. naval forces.

Molina Pico pointed out: "If the government establishes a budget cut, we may not like it, but we will not challenge it. The Armed Forces are part of this democratic system, and there are other authorities who occupy themselves with handling budgets."

Brazil

Arsenal Found at Cumbica Airport Warehouse

PY0208161995 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Jul 95 p A10

[By Luiz Augusto Falcao and Helio Gama Neto]

[FBIS Translated Excerpt] The Federal Police [PF] auditors who are in charge of investigating the corruption network that has been operating at Cumbica Airport in Guarulhos, Sao Paulo, have revealed the discovery of an arsenal in a warehouse in one of the cargo terminals. Inside boxes received from various countries, the PF agents found automatic rifles, machine guns, pistols, grenades, powder, projectiles, cartridges, equipment to manufacture bullets, radios used exclusively by the Armed Forces, and bottles of paralyzing gas.

The weapons and the ammunition have been stored in the pavilion earmarked for objects that have not been withdrawn by importers within the 90-day period established by the law, the sector where abandoned or overlooked objects are stored. In view of that, police suspect that most of the weapons have entered the country irregularly. Customs Inspector Flavio del Comuni, who has been in the position for one month, said: "Everything indicates that these weapons were going to be sent somewhere else." Del Comuni replaced Aramis da Graca Pereira, who has been appointed by the Liberal Party. [passage omitted]

The powder passed through U.S. Customs hidden inside packages of chocolate-flavored vitamins. Del Comuni explained that "international laws forbid transportation of explosives because at a temperature exceeding 45 degrees centigrade, the explosives can detonate and cause a plane crash." [passage omitted]

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Government Amends Deindexation Measure

PY0208182695 Rio de Janeiro O GLOBO in Portuguese 1 Aug 95 p 20

[FBIS Translated Text] Brasilia — Pressured by the courts, by the unions, and by Congress, the government on 31 July reedited the provisional measure on deindexation of the economy, excluding the controversial innovations proposed in labor negotiations: the mediator and the calculation of productivity by the enterprise. Labor Minister Paulo Paiva said the government decided to take action prior to any congressional decision, noting that the changes will not affect the essence of the provisional measure. The new version of the measure, he said, does not exclude the possibility of calculating productivity by the enterprise, and it does not discourage the use of the mediator in collective bargaining.

Says Paiva: "I believe workers will resort to the mediator because that is the path toward modernization of labor relations." He deplored the pressure exerted on him to change the measure: "In those areas, Brazilians are moving more slowly than desirable."

The government made three changes in the measure. It withdrew the expression "calculated by an enterprise" from paragraph 2 of Article 13, which refers to the calculation of productivity; the change permits the calculation of productivity for each professional sector or category. The original provisional measure compelled enterprises and workers to negotiate with the help of a mediator before bringing the collective bargaining process to court, in the event free negotiations yielded no results. The new measure provides for deduction of salary advances on the collective agreement renewal date for each labor sector (the original text provided for deduction of advances and increases).

Even though he acknowledged that the innovations provoked "strong political and legal resistance," the minister did not link the government decision to change the provisional measure with a provisional resolution issued by the Supreme Federal Court. The changes, Paiva said, were made on the basis of negotiations with Congress and with the labor centrals.

"The points on which there was some degree of consensus were changed," he said.

To justify the changes, the minister said it would be difficult to measure the productivity of enterprises of sectors like those of commercial workers, in which there are 80,000 enterprises. He added that some constitutional principles, like the one authorizing just one single union per labor sector, make that type of innovation more difficult. For this reason, he announced the creation of a tripartite council, which as of August will work on an agenda with proposals to make progress in that area.

Paulo Paiva said the changes should make negotiations with Congress easier. He said it would be desirable to approve the measure as soon as possible. He ruled out, however, the possibility of the government agreeing to a proposal by the rapporteur for reindexation of lower salaries.

"The government intends to convince Congress that this is not the best solution, because it would mean a reintroduction of the inflationary process."

Rio Grande Navy Station Operational 2 Aug

PY3107181395 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 31 Jul 95

[Report by Francisca Bueno from Porto Alegre]

[FBIS Translated Text] The Rio Grande Navy Station became operational at 1000 on 2 August. The ceremony was presided over by Squadron Admiral Domingos Alfredo Silva, the Navy operations commander.

The station is a small base in the city of Rio Grande, 330 km from Porto Alegre. It will facilitate the harboring of ships, the supply of materials, and the repair and maintenance of Navy ships stationed or operating in southern Brazil. The activation of this station reinforces the infrastructure which is essential for the Navy in southern Brazil and represents an important step toward consolidating the transference of the Fifth Navy District to Rio Grande, which began in 1983.

Private Company Provides Communications Services

PY2607150795 Sao Paulo GAZETA MERCANTIL in Portuguese 24 Jul 95 p C7

[Article by Lidia Reboucas]

[FBIS Translated Text] Sao Paulo — Satellites are the newest communications means sought by corporations. Comsat Brasil, a company that offers communications services via satellite has tripled its sales in a year from $2 million to $6 million, and multiplied its number of clients tenfold. Comsat Brasil Director General Jurandir Pitsch said: "This success is due to the quality of voice, data, and video transmissions which, beside having lower communications costs, is more efficient than local networks."

He said the system is used for communications between corporation branches disseminated throughout different Brazilian cities at 30 percent less cost than terrestrial public networks. Companies interested in this satellite

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communication system closed a deal with Embratel [Brazilian Telecommunications Company] which places at their disposal part of a transponder (the part of the Brasilsat satellite that retransmits signals). Comsat Brasil is responsible for installing and operating the terrestrial station that receives and retransmits these signals. "Embratel is encouraging this kind of service which is being used as a private telecommunications channel," said Pitsch.

Beside reduced operational costs, satellites allow better transmission of computer processed data and a greater number of simultaneous voice channels. "While terrestrial public networks transmit about 4,800 bits per second, satellites run at 64,000 bits," Pitsch said.

The high volume of data and communication transmissions over long distance—which are often not covered by public services—has attracted mainly electronic companies that have branches in the Manaus Free zone in Amazonas. Among these companies are Gradiente, CCE, Sharp, Rigesa, Evadin, and Honda.

The Alpargatas company, which for the past year and a half has been using the system, has obtained positive results. "Satellites have allowed us to save approximately $1.5 million in a year," said telecommunications director Hernando Duran. Alpargatas used to spend $2 million per year on data and voice transmissions among its factories in Jaboata, Pernambuco, Santa Rita, and Paraiba.

Cost reduction is accompanied by reliability, which guarantees 100 percent of availability of communications among the factories and the central office. Before using the satellite service, Alpargatas maintained with its factories a terrestrial voice communication system network that constantly failed and that did not meet the demands of the corporation. Atmospherics often isolated some units for dozens of days at a time.

The satellite transmission system will accompany the expansion Alpargatas intends to carry out in the next few years.

Comsat Brasil is a subsidiary of Comsat Corporation, the largest shareholder and user of the Intelsat and Inmarsat systems, and one of the first companies to exploit satellite communications for commercial and government use. Comsat Brasil was created through a "joint venture" [preceding two words in English] signed with Villares Industries last year. Last May, Comsat Brasil gained private company status.

The company has already invested $15 million since its start in Brazil and it expects sales of $10 million by the end of 1996. It intends to invest $11 million this year in the expansion of its services.

President Seeks To Join Missile Technology Group

PY2607122295 Sao Paulo GAZETA MERCANTIL in Portuguese 24 Jul 95 p A5

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] Brasilia — President Fernando Henrique Cardoso will meet with party leaders to defend the approval of a draft bill he has sent to Congress regulating the export of sensitive goods and services.

The president has a personal interest in this subject because the approval of this bill is essential to allow Brazil to become a member of the Missile Technology Control Regime [MTCR], a 25-member club founded in 1987 whose endorsement is necessary to allow countries to gain access to sensitive technologies, especially those meant for space programs. Brazil intends to join the MTCR in October.

The Brazilian Government has already been applying the MTCR principles since February 1994, which means that it is observing export control principles and the lists of controlled goods. However, the government will only be able to punish eventual infractions through a law.

The new Brazilian law will govern export operations of goods and services in all sensitive fields with civilian or military application. This includes material and technology used in the development of weapons of mass destruction (nuclear, biological, and chemical) and missiles.

With a law to control exports of sensitive materials and with participation in the MTCR under the same conditions as its current members, Brazil will intensify cooperation with industrialized countries.

According to Strategic Affairs Secretary Ronaldo Sardenberg, Brazil is interested in the satellite launching market from the Alcantara base and in having technologies that are essential for national economic development.

Since the four party agreement was signed by Brazil, Argentina, the Brazilian-Argentine Agency of Accounting and Control of Nuclear Materials (ABACC), and the International Atomic Energy Agency (IAEA) during the Collor administration, Brazil is assuming commitments with the purpose of strengthening international confidence in its space and nuclear policies, which are exclusively turned to peaceful purposes.

Another step that the government took in this area was the creation of the Brazilian Space Agency (AEB), which is civilian and directly depends on the presidency of the Republic.

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The AEB is ready to sign a cooperation agreement with NASA. Brazil is also negotiating a nuclear agreement with the United States. "These two agreements represent a renewal in Brazilian foreign relations in the technological field," said Sardenberg. "Nowadays, we do not have any more complexes," he said, referring to the steps Brazil has taken in the field of nuclear safeguards and to the Mendoza Declaration, whereby Brazil and other Latin American countries promise not to produce, purchase, withhold, use, or cooperate with the development of chemical and biological weapons.

Argentina, which is the only Latin American country to be a member of the MTCR, joined it at the end of last year. The Argentines are also members of the Group of Australia, which is a regime for the field of technologies applicable in chemical and biological warfare.

The members of the MTCR are: Argentina, Belgium, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United States, and Great Britain and Northern Ireland.

Chile

Foreign Minister Evaluates Upcoming Mercosur Summit

PY0308011695 Santiago EL MERCURIO in Spanish 2 Aug 95 p C2

[FBIS Translated Text] Foreign Minister Jose Miguel Insulza said yesterday that the summit of the Common Market of the South (Mercosur) to be held in Asuncion, Paraguay, on 4 August will be essential for putting the negotiation process "in order," as it is a necessary condition for achieving a real agreement that would allow Chilean association with that subregional pact.

Insulza also said that the Chilean Government hopes that this summit — as well as the meeting of Chilean and Mercosur officials at the technical level to be held in Montevideo, Uruguay, on 14 August — will serve to define the special work groups to discuss the various issues demanded by the negotiations: the definition of a clear agenda and the establishment of timetables.

Insulza added: "If we are able to put the process in order we will be able to arrive late this year with real results, and to put the process in order we have to see what happens at the Asuncion summit and in the negotiations to be held on 14 August."

Insulza also said that because Mercosur is a group that is still in a process of consolidation, no matter how strong the political will of the four Mercosur governments, their experts are not always in a condition to meet with their Chilean counterparts, as they still have to resolve their own problems.

He said: "What we want is for a timetable to be established, and for work commissions as in NAFTA to be created to deal with the various issues in an orderly manner, and that these issues be handed over to the chief negotiators, and then to the foreign ministers only when they are ready."

Insulza said that although "good negotiations with Mercosur" have been held so far, very few "four-plus-one" meetings have been held. He insisted that the time has come "to put the process in order," because otherwise good will alone will not be enough to define the best solutions to the problem of proposing an association without participating in the common external tariff of Mercosur.

To better describe the situation, Insulza placed value on the counterproposal made by Mercosur last week, but noted that Chile had made its proposal in February and had been expecting Mercosur's answer by May.

Regarding the issues that had to be discussed and solved, Insulza said that the parties have to resolve the issue of a compensation that would make the association with Mercosur worthwhile, but without participating in the common external tariff, as well as the best way to balance the concessions established within Mercosur when Chile become its fifth partner.

Insulza also pointed out that the way in which bilateral negotiations with third parties would be carried out was still pending. He gave as an example the situation that would be created if, after joining Mercosur, Chile joins NAFTA. He said that the issue of how to deal with the tariff preferences granted to the NAFTA members would come up.

Other issues for discussion are the exchange of lists of products, the time for lifting tariffs, and how to define the goods to be exempted.

Another issue that worries Chile is the way in which physical integration would be incorporated into the trade agreement. For the government, this issue must have weight in the agreement, because it is important that our country offer ports for Mercosur to have access to the Pacific, as well as to establish bioceanic corridors. Insulza said, however, that it has not yet been decided if this aspect will be incorporated into the agreement, or if it will be an annex.

Foreign Minister Insulza will accompany President Eduardo Frei to the Mercosur summit. They will travel to Asuncion on the morning of 4 August. Insulza also added that Mercosur would be the main issue of

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discussion during Frei's official visit to Paraguay on 6 and 7 August.

Importance of Chile's Presence in Mercosur Viewed

PY0308005595 Santiago LA NACION in Spanish 2 Aug 95 p 5

[Editorial: "Chile and Mercosur"]

[FBIS Translated Text] The president's attendance at the Mercosur [Common Market of the South] presidential summit to be held in Asuncion, Paraguay, is evidence of Chile's great interest in joining this group.

It is worth mentioning that the Mercosur members (Argentina, Brazil, Paraguay, and Uruguay) have agreed to postpone the enforcement of preferential tariff rates on Chilean products during the holding of negotiations that will most likely conclude with the signing of an agreement between the Mercosur countries and Chile. For logical reasons, in dealing with the different level of economic opening that prevails in these countries, Chile prefers not to be a full Mercosur member, but it is very much interested in promptly achieving some sort of partnership. That is something our neighbors have understood quite well.

Chile is interested in achieving this goal promptly for several reasons. Chile is currently negotiating its membership in several trade agreements, but Mercosur is the only one that groups together our direct neighbors. Furthermore, Mercosur is the market that proportionally receives the largest quantity of Chilean manufactured goods.

This is a fact of particular importance for Chile. If we aspire to achieve the second stage of the export model, it is indispensable that we produce more value-added products. The fulfillment of this objective will result in multiple benefits for the Chilean economy: Among other things, it demands greater capitalization and an improvement in technology and production levels, which in the end results in better salaries for the workers and professionals who work in the export business.

In view of this it is obvious that a Mercosur agreement is far more than a commercial agreement, because it encompasses vast Chilean economic areas (investments, services, transportation, and physical integration, just to name a few). Furthermore, it strengthens friendship, cooperation, and political ties with member countries.

Chile's membership will naturally also benefit the Mercosur member countries. The Atlantic rim countries will thus have an outlet to the Pacific. This will result in a reduction of transportation costs, and will expedite access to a region experiencing the greatest commercial expansion in recent times.

As in all negotiations, those with Mercosur are filled with numerous details that need fine tuning. It entails meticulous negotiation because of the consensus that must be achieved among all the parties involved, which will surely enter into a different dynamic once the interdependence with neighboring countries increases. If the objective is to achieve the well-being of the majority and the improvement of the regional economy, the strengthening of ties with Mercosur is undoubtedly suitable for Chilean interests.

In sum, Chile's association with Mercosur, in whatever fashion, will strengthen Chile's presence in Latin America; establish solid neighborly ties with the most thriving countries in the region; and in addition to expediting regional integration, will help us attain much faster the second stage of the export model.

Frei, Pinochet Hold 'Frank, Constructive' Meeting

PY0208161695 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 2 Aug 95

[All names identified by captions]

[FBIS Translated Text] The government described as frank and constructive the meeting that President Eduardo Frei and the Army commander held this morning.

In addition, the Council of Generals discussed issues pertaining to the future of the institution during a meeting at the Armed Forces building.

[Begin recording] [Unidentified reporter] The motorcade transporting Army Commander Augusto Pinochet to Government House appeared at 1045. It entered the building through the underground entrance on Teatinos street.

This was the first private meeting that President Frei held with General Pinochet after the military demonstration held at Punta Peuco on 22 July. In view of this, everything led one to believe that this would be the main issue of the meeting, which lasted one hour and was requested by the Army commander.

Nevertheless, this was not the case because these concerns had already been channeled through Defense Minister Edmundo Perez Yoma on 24 July.

Two hours after this meeting, the government issued a brief communique, which states that today the president held a meeting with the Army commander. It adds that during the frank and constructive meeting, the Army commander expressed his views on several issues of an

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institutional nature within the framework of a routine discussion of such affairs.

It states that his excellency the president assessed these issues within the context of the conditions that are necessary for the normal development of national affairs and the stability of democratic institutions.

The last paragraph of the communique notes that the head of state reasserted his request regarding the need to persevere in the effort to promote an atmosphere of moderation and cooperation to be able to promote with patriotism the reconciliation of all Chileans.

At the same time, the Council of Generals held a meeting at the Armed Forces building, the first part of which was presided over by Gen. Pinochet.

According to reports, this meeting of the Council of Generals, which ends on 4 August, is part of the routine activities of this advisory body of the Army Commander's office. It is within this context that it will study all Army projects and subjects encompassing the period extending from this date to the year 2005; namely, the modernization of the Army as proposed by Gen. Pinochet, a project known as the Alcazar Plan.

[General Eugenio Covarrubias, Army Intelligence Department director] The Council of Generals involves a meeting that the Army commander holds with all Army generals. It is a routine and traditional meeting.

[Reporter] This meeting was attended by 45 generals, including those stationed abroad.

Moreover, a luncheon was held at the Penalolen Country Club, and attended by Navy Commander Jorge Martinez Busch and some admirals and generals. It was learned that the meeting between Navy and Army personnel had been scheduled well in advance and that it was held to promote camaraderie. [end recording]

Military sources have disclosed that the meeting with President Frei was described as very direct and frank. It was learned that during the meeting, Gen. Pinochet briefed the president about the feelings of Army personnel on recent developments and the harassment they are experiencing on a daily basis.

During the meeting in La Moneda, the president and Gen. Pinochet also reportedly discussed the loss in purchasing of power of Army salaries, which has resulted in significant resignations in various sectors of the Army.

Government Concerned About Image Abroad

PY0208233295 Santiago EL MERCURIO in Spanish 2 Aug 95 p C2

[FBIS Translated Text] The government is worried about a deterioration of the country's image abroad due to the outcome of the "Letelier case," which is being reflected, among other things, by the relevance the foreign press media are giving to this judicial issue.

Commenting on a recent WASHINGTON POST editorial, Chilean Foreign Minister Jose Miguel Insulza yesterday said that "it is a worrying sign," and that it should not be ignored that an article of that nature is reflecting the effects of the country's domestic situation abroad.

In its 30 July editorial THE WASHINGTON POST said that "Chile must show that the military power is subordinated to the civilian power if it wishes to facilitate its acceptance into NAFTA." It also stresses the incompetence of the administration of President Eduardo Frei in attaining the imprisonment of retired General Manuel Contreras, former director of the National Intelligence Directorate [Dina].

"Chile is anxious to join NAFTA, but NAFTA cannot be less demanding about the good democratic behavior of its members, as the European Union has been," the editorial said.

Insulza said that information is being disseminated abroad that indicates a more fragmented situation than what is in fact taking place in Chile concerning this matter, and that for this reason it is possible to always expect that within certain political sectors in countries with which it negotiates, these matters will be used to generate obstacles or difficulties.

"I therefore believe that this is a distressing matter, and I hope it will not develop beyond that. I think we are still in good time, so that to the extent that things are gradually resolved within Chile, it will not have repercussions abroad. But I cannot fail to say nor can I conceal the fact that the editorial worries me," Insulza said.

He added that Chile's international image will be affected if the "Letelier case" drags on.

Concerning the negative effect it might have in the negotiations for Chile's entry into NAFTA, he said the Foreign Ministry has not yet received any sign making it think that the process could be jeopardized by the country's internal situation, and that the editorials published by the U.S. newspapers have so far represented mere opinions.

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Secretary General of Government Interviewed

PY0208181895 Santiago EL MERCURIO in Spanish 16 Jul 95 pp D2-D4

[Interview with Jose Joaquin Brunner, Chilean secretary general of government, by Raquel Correa; place and date not given; passages in italics indicate editorial comment]

[FBIS Translated Text] *Though easy-going by nature, the secretary general of government acknowledges that he was distressed this past week. He has been in office for nine months and the last few weeks have been the most difficult ones of his tenure.*

He concedes that it was a tense moment, of difficult negotiations and complex situations.

[Correa] So much so that for all your equanimity, it made you lose your composure.

[Brunner] No. I maintain my equanimity. What has increased is all political sectors' sensitivity.

[Correa] Do you include the Armed Forces in the political sector?

[Brunner] No. Still, the Armed Forces — like all those who become involved in a subject such as that of human rights — have probably become sensitized to this issue, as it is of paramount importance and has a very particular content.... This generates a climate of sensitivity which, from the standpoint of the government, we have tried to face with utmost calmness.

Brunner, a sociologist, gave up his merely intellectual position. He now discharges the duties of a politician and seems comfortable in his new role, especially because he is not a simple spokesman of the government, but rather part of the La Moneda "political team." Although he does not belong to [President Eduardo] Frei's "inner circle" (he is not an old friend of the president and belongs to the Socialist Party), J.J. Brunner deservedly earned a place at the very heart of power.

[Correa] Do you earnestly aspire to achieve reconciliation, Minister Brunner?

[Brunner] I fully and earnestly aspire after reconciliation. It is an ethical, political, and stability oriented objective for Chile's future development, and we must take advantage of this historic opportunity afforded our country.

[Correa] If one aspires after reconciliation, one must act accordingly. A considerable number of people in our country, however, think that, over the last few days, we have not progressed toward that goal; on the contrary, we have regressed....

[Brunner] That is an erroneous idea. Full and total national reconciliation has been, and will continue to be, the Frei administration's ongoing objective.

[Correa] What are the requirements for this to become a reality?

[Brunner] First, that the reconciliation process take place within the channels of our legal and institutional order with full respect for the rule of law. Second, that it combine what the president has called "a healthy historical memory" with the justice possible within the framework of the laws currently in force. Third, that it be imbued with a true spirit of reunion with the truth and of respect for the positions that each one occupied in the past.

[Correa] You delimited or defined the scope of the issue. Now let us see what is happening in reality. Why is it that the time is not yet ripe for adopting measures to accelerate the reconciliation process?

[Brunner] The government is of the opinion that these processes cannot be artificially accelerated. One cannot pressure any of the parties involved into moving faster than what experience shows is possible.

[Correa] Will it then be left to the passing of time?

[Brunner] I think that the passing of time is a vital element in all this.

[Correa] Which may take 50 years.

[Brunner] In several countries it indeed took several decades to achieve full reconciliation among citizens. It is my aspiration and hope that Chile will not have to wait for all those years to pass. If one compares how we were only five years ago with our present situation, one realizes that we have come a long way and that we have made great strides. We have already achieved a climate and a wide degree of reconciliation.

[Correa] And yet that climate seems to have been poisoned of late. In the view of your fellow party members, like Deputy [Jose Antonio] Viera-Gallo, with the [General Manuel] "Contreras case," the scales fell from our eyes and it finally dawned on us that we are not living in a real democracy, that relations between civilians and the Armed Forces have not changed at all.

[Brunner] I do not agree with that argument. Relations between civilians and the military have also recorded major progress through their own channels.

[Correa] Assessing the latest events, one sees the Army acted corporately, with a commander in chief participating in the demonstrations; a retired colonel who has been sentenced by the Chilean justice, but who is still in hospital...

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[Brunner] We are experiencing the after-shocks of a sort of earthquake.

[Correa] Was the military regime the earthquake?

[Brunner] No. The earthquake was what happened to us, society as a whole; what divided us so deeply at so many levels — human, emotional, ethical, — in a polarization of opinions. This is acknowledged by all. We are extricating ourselves from this situation in an incredible manner.

[Correa] In the light of these events, do you not fear a new earthquake will supervene?

[Brunner] I would like to believe that all leading protagonists are intent on preventing that. The country finds itself in such a situation that it would be absurd *he exclaims* to believe anyone would be willing to renounce everything that has been achieved in exchange for some trinkets. The crucial thing now is that each of us should act in keeping with the constitutional and legal order, leaving each state agency to discharge its duties while all of us remain prepared to face the consequences.

[Correa] Do you honestly believe the Army acts accordingly?

[Brunner] Yes, the Armed Forces, including the Army, respect the Constitution...with all the necessary ambiguities that living in a transition process generate. I have no doubt whatsoever that there are still pending problems typical of a transition period, including some which stem from the Constitution, as well as certain regulations and institutions that we would like to review.

[Correa] Nevertheless, the government has shown no initiative in this regard.

[Brunner] The government has shown initiative in trying to deal with some aspects. In others, politically speaking, it believes it is not the right moment to undertake those reforms. Those issues require a major political agreement and the government will not act hastily or demagogically. It is not a question of proving we are doing something. The reconciliation process involves moving ahead when the time is ripe.

[Correa] Does that position not arise from fear of the Armed Forces?

[Brunner] No. I do not feel there is any fear or retaliatory intention. We must, however, acknowledge that in a country that is undergoing a process of reconstruction and consolidation of its democratic institutions, there are consequences that we must assume, especially when the Armed Forces are under great pressure. This is why the Armed Forces must proceed with extreme caution, as must the civilians.

[Correa] From that viewpoint, how do you asses General [Augusto] Pinochet's public intervention this week?

[Brunner] When Gen. Pinochet has to comment on what happened in the past, when he held the position of head of state, he nearly always gets carried away and passionately defends what he considers was his work and contribution to his country. On those occasions, he often makes a judgment about the present situation that in my view is erroneous.

[Correa] Is he entitled to make those judgments?

[Brunner] It is somehow pointless to wonder about that after the events have occurred.

[Correa] Has the Army commander in chief overstepped the mark?

[Brunner] I think he is making his voice heard within the context of special circumstances. He is a former president under an authoritarian regime who was replaced by a democratic system under which he is the Army commander in chief. He has the right to demand that his actions in the strictly professional field, in which he currently moves, are acknowledged. Yet, given the overlapping between what he is at present and what he was in the past, these ... interferences are bound to happen. Those are rash opinions. Nowadays, no sectors of our country harbor vengeful feelings. That is an erroneous idea of Gen. Pinochet. Nobody is furthering, in practice, an antagonistic and revengeful policy which is at odds with reconciliation.

[Correa] Talking about antagonism, do you really believe the right is looking for artificial solutions to this problem?

[Brunner] I think that there are some proposals by rightist sectors that, in my opinion, are wholly artificial and contrary to common sense. For example, some propose a Law of Expiration. I believe nothing would be worse for Chilean society than imposing a solution that only with the passing of time and the will of all sectors can be overcome. That proposal is not only counterproductive, it is also unfeasible.

[Correa] What does the "Contreras case" mean to the government? A show trial?

[Brunner] I believe this has been — and remains — a special case, so much so that the military government explicitly excluded it from the 1978 Amnesty Law. For some, it is an archetypical case; for others, it is extremely painful. It is a political, cultural, and legal event that has significantly affected our living together in society. I am not playing down its importance, but I do not consider it has a major significance. It

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is in the hands of the courts. The case has caused reverberations that have been controlled through the mechanisms provided for in our institutional order. I think it has led to an over-exaggerated debate, but the truth is that Chile continues to work, to produce, to pass laws, and to move ahead in different spheres of activities in which people are interested.

[Correa] Are you personally satisfied with the ruling?

[Brunner] In my capacity as a member of President Frei's cabinet, I have strictly limited myself to observe what the head of state had pointed out, namely that whatever the ruling was, all of us would abide by it, regardless of what we thought about it. I think by solving a case like this through a judicial procedure, the country has gained immensely in the consolidation of its institutions in general, and in stressing the independence of the judiciary in particular.

[Correa] Had the ruling favored Contreras, would you have said the same thing?

[Brunner] I would like to think that I would have been able to say so. I think I would have managed to do so. I acknowledge that I would have found it difficult to stick to the principle I have just mentioned.

[Correa] What would you have felt in your heart?

[Brunner] I would have felt some pain, some pain, and frustration; some feelings that members of the Armed Forces probably felt when the sentencing of Manuel Contreras and Pedro Espinoza was made public. From a human standpoint, those reactions are easily understandable.

[Correa] Would it not have been easier for the government if Contreras had not been found guilty?

[Brunner] I think that if this situation ends well — and I am sure we can make it end well with everybody's effort — this will be a very important *he emphasizes* point from which to move ahead in the transition process and to strengthen democratic institutions. It may very well be the most decisive event for rounding off our transition process.

[Correa] Others, however, believe this is the beginning of countless lawsuits that will fill the Punta Peuco penitentiary.

[Brunner] I absolutely *he emphasizes* rule out that possibility. There is nothing whatsoever — no element, no behavior by any institution or any group in our society — that suggests it could take place. In fact, it has not occurred.

[Correa] Nevertheless, during the allegations of the "Letelier Case," some politicians and high-ranking leaders from the Coalition of Parties for Democracy [CPPD], contended it was "persecution against the military government."

[Brunner] Only a few who received no support from the government made their voices heard. The government said it is an action brought exclusively against two individuals...

[Correa] That is the official argument.

[Brunner] That is the voice of the government and I can assure you that it is the feeling of most CPPD members.

[Correa] Do you honestly think the Army will in the end give up Contreras?

[Brunner] A realistic attitude is to let ourselves be guided by events rather than rumors or speculations like the ones that have been circulating. I cannot picture that such a thing might occur. We are faced with a lawsuit that is wholly normal *he exclaims*, in which all possible recourses have been filed with the courts. Now, once the decision is made to transfer Contreras to the place specified by the National Prison Police, that decision will have to be obeyed.

[Correa] Why do you say "the place specified by the National Prison Police," when a prison was specially built for Contreras?

[Brunner] Then that place is Punta Peuco penitentiary.

[Correa] Is Punta Peuco non-negotiable?

[Brunner] I think Punta Peuco is...important. It follows a natural historical evolution. That subject was discussed in Congress and approved by a large majority ...

[Correa] I asked if it [Punta Peuco penitentiary] is "non-negotiable." Would the government be willing to change the place of confinement if it contributed to national peace and reconciliation, and to the tranquility of the Armed Forces?

[Brunner] Why should we imagine that the Armed Forces, an institution that belongs to the state organization, would want to negotiate or compromise on anything concerning a sentence that they must respect? I refuse to consider that situation.

[Correa] Has the government negotiated the issue with the Armed Forces?

[Brunner] The government has never negotiated anything to do with the lawsuit in question, the [Supreme Court] ruling, or its consequences.

[Correa] Would you allow Contreras to serve his sentence in his country house in Fresia?

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[Brunner] The question here is not whether he serves his sentence in one place or another, but rather the execution of a sentence and the equality of all Chileans before the law. The central point is that the court ruling must be obeyed.

[Correa] So, the place where the sentence is served is not central?

[Brunner] I think the place is a natural consequence of an entire procedure and is established by the National Prison Police. There is a special, separate penitentiary, especially built to offer all the necessary security conditions.

[Correa] Still, the proposals by pro-government sectors assume the premise that Contreras will be confined in Punta Peuco.

[Correa] That is neither a heinous nor an arbitrary condition, but rather scrupulous respect for what is right. Laws and the rule of law are there precisely to settle this type of conflicts in a civilized and peaceful way. If we were to say that we will make the rule of law prevail only when it suits us we would be inviting anarchy. It would affect the government if a judicial order is not obeyed. That was a delicate subject in 1970-1973. Nobody would allow the government to ignore the rule of law just because it does not want to obey a regulation provided for in the Constitution and that it has sworn to respect even if it does not like it. The government would be accused of trying to be above the law.

[Correa] What would happen if the Army stands its ground and does not surrender Contreras?

[Brunner] It is totally preposterous to picture that situation! It would be impossible if we want to maintain constitutional order.

[Correa] Looking ahead, do you think it is so important as to risk democracy for Punta Peuco?

[Brunner] Democracy would only be compromised if we began to change the limits of the state. If we start saying: As I do not like this, let us bore a little hole here... We definitely cannot do that! *he says emphatically.* When water begins seeping in through tiny cracks, the rule of law vessel will sink. We have already had that experience.

[Correa] Punta Peuco is, therefore, sine qua non.

[Brunner] What continues to be decisive is that all of us must uphold the institutions of a rule of law. All of us. Only that will enable us to progress towards a veritable reconciliation.

[Correa] The Frei administration was criticized for being vague over the search for solutions to the subject of human rights.

[Brunner] The administration does not decide anything in response to pressure or requests. Besides, it has never been vague in the process of reconciliation. It has acted at the pace of judicial proceedings.

[Correa] Can democracy be placed in jeopardy over Punta Peuco?

[Brunner] The important thing is that this penitentiary was especially built so that certain types of inmates may serve their sentence with proper security. Pedro Espinoza is there, as will Manuel Contreras after all the judicial steps have been taken.

[Correa] Do you not think that it was untimely, even provocative, to have resumed diplomatic relations with Cuba?

[Brunner] To presume that a sovereign act of the Chilean state, decided by the president of the Republic in keeping with the Constitution may constitute an affront to the Armed Forces is going too far. General Pinochet's regime maintained diplomatic relations with the PRC. President Clinton has just announced the reestablishment of relations with Vietnam ... We can no longer be tied to the past.

[Correa] Can you imagine Pinochet ordering the Army to salute Fidel Castro, should he come next year to the Ibero-American Summit?

[Brunner] One must keep pace with the times. Chile maintains a broad spectrum of relations which means that when a chief of state visits us, we must be polite and abide by the rules of protocol.

[Correa] What do you think Pinochet feels when he sees [former President Salvador] Allende's bust in La Moneda Palace, and is told there will be a statue of Allende at Constitution Square?

[Brunner] Busts of all deceased presidents are being placed in La Moneda Palace and President Allende is part of our history just like all other late presidents. It is only right for us to honor our historical figures, irrespective of what we may think of them.

[Correa] The Amnesty Law is the current issue. Do you think these crimes should be forgotten, not investigated; or should the perpetrators be identified and pardoned?

[Brunner] I believe the Amnesty Law should be interpreted by the appropriate authority: the courts. That is what the judicial branch is for.

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[Correa] The legislative branch can issue interpretative laws when necessary.

[Brunner] Of course. The president has merely stated that current conditions are not right for a bill along those lines.

[Correa] Taking into account that former President Patricio Aylwin, who wrote to the Supreme Court asking it to investigate before pardoning, acknowledged that he had changed his mind, shouldn't President Frei write to the Supreme Court asking it to close cases without identifying the perpetrators?

[Brunner] I do not believe that this is necessary under the present circumstances. The judicial branch has all the necessary elements to expedite trials in accordance with a coherent interpretation of the Amnesty Law.

[Correa] The chairman of the Supreme Court believes there should be an interpretative law, on the grounds that the position is not clear enough....

[Brunner] The law is clear enough, and so it its spirit.

[Correa] It is so clear that former Supreme Court Justice Sergio Fernandez who signed it believes the perpetrators should not be identified.

[Brunner] Former Justice Minister Monica Madariaga, who also signed this law, believes it is other way around. The important point, however, is not what Mr. Fernandez or Ms. Madariaga believe: The final decision falls on the judges, and rightly so. They hand down their rulings on the basis of the historical context, like judges do everywhere in the world.

[Correa] What should be done now to move ahead, aside from getting Gen. Contreras into Punta Peuco prison?

[Brunner] All the ruling coalition parties have agreed that this highly complicated process must be wrapped up. I am talking about Mr. Contreras' sentence. Agreement must be reached that the courts are the best forum that our state of law provides for resolving this kind of problems. It is the most stable, safe, and peaceful way to settle pending issues.

[Correa] It has not, however, proven to be effective.

[Brunner] This may be so in the missing people cases, but the amnesty cases have been handled effectively. To obtain information about the arrested-missing people, those who know anything should report it through the many judicial or nonjudicial channels. The Church has repeatedly offered to handle this. Unfortunately, the solution to this pending painful problem is not in the hands of the government. It is not a matter of issuing decrees. The only way to resolve this issue is through the generosity of the people who have the information and their desire to reconcile all Chileans. No one has opposed the creation of channels for this. Good ideas will prevail as soon as the conditions are right.

Another prerequisite for resolving these issues is to avoid polarization. This matter should be handled politically because it might awaken animosity.

[Correa] The administration decided, however, to do nothing at the Cerro Castillo meeting.

[Brunner] That is the interpretation of right-wing opposition leaders. They always say this whenever the administration does something they do not like. We do not believe in artificial and meaningless mechanisms, like oblivion or a law of expiration. As far as an interpretative law is concerned, what is the point? The courts can do the interpretation, and they have been doing it.

We have a special Supreme Court chamber for this, and there is an ongoing nationwide debate. We must be patient and see how things turn out. The administration has been handling this subject without breaking with anyone or causing dramatic developments. This is quite an achievement.

[Correa] Why did you reject Christian Democratic Party Chairman Alejandro Foxley's proposal for dialogue?

[Brunner] Nobody rejected his proposal. Dialogue has not been ruled out. Actions, however, must be carried out carefully so that they can bear fruit. A past attempt to negotiate the modernization process failed and turned into a political device that merely pitted the administration against the opposition. The administration has not ruled out dialogue, it merely wants to participate as just another political party. Reconciliation is an developing process which cannot be speeded up through laws.

[Correa] The president's remarks have been interpreted as a victory for the Socialist Party and the Party for Democracy within the ruling coalition. It has been said that Schaulsohn and Escalona are in charge.

[Brunner] This is a very transcendental issue about which the president has deep-rooted moral convictions on the role of the coalition. How can anyone believe that there is a dispute because the administration is under pressure? There have been differences of opinion but not about the essence of the matter. The administration and the coalition have always agreed on what has to be done. All the parties of the coalition have reiterated their support for the administration as epitomized by the document which the senators signed prior to the Cerro Castillo meeting. There is total agreement on this. On this issue my feelings are those of the Christian Democrats, of the Socialists, or the members of the PPD. On this issue we are essentially united.

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[Correa] Is the position that Frei made public this week the same one he has always maintained?

[Brunner] Absolutely. He made it clear in his remarks after the handing down of the ruling, when he asked everyone to abide by the law. One must think of the future.

[Correa] That is why the past must be settled.

[Brunner] We are settling it. Current tensions follow the fact that the present situation is bound to arouse debates and tension.

[Correa] Is the administration prepared to yield on the issue of human rights in exchange for constitutional reforms?

[Brunner] No. Absolutely not. Nobody in the administration has proposed any such thing. An ethical matter like human rights cannot be measured against issues which are merely operational, even though they may be very important. Human rights are not a negotiable currency. The administration will never barter human rights.

Colombia

Reportage on Defense Minister Botero Resignation

'Sources' Report Imminent Resignation

PA0208150195 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 2 Aug 95

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Sources from the Narino Palace have just informed Caracol that National Defense Minister Fernando Botero Zea will be resigning his post soon. Attention! Fernando Botero Zea's resignation in the coming hours or one or two days, at most, is imminent.

At a meeting held yesterday, ranking government officials agreed that the presence of Fernando Botero Zea — a civilian and an attorney — in the cabinet was not convenient in the wake of all the events that have characterized a recent major scandal and caused a stir in the country and the foreign media. Defense Minister Botero Zea is preparing to resign in the coming hours.

Government Minister Horacio Serpa Uribe and Justice Minister Nestor Humberto Martinez Neira met with Botero Zea yesterday for approximately an hour to discuss whether his participation in the government of President Ernesto Samper Pizano was convenient in the second year of the Samper administration. The final outcome of this meeting is that Botero Zea is leaving. The fundamental reason for this decision was Botero Zea's implication by Santiago Medina during the inquiry held in the Prosecutor General's Office last Friday. Another reason was Botero Zea's handling of the news conference he and Government Minister Horacio Serpa Uribe held on Monday when a reporter asked him about the source of what he described as an anonymous note. This note was precisely the fundamental part Botero Zea had referred to in a news conference with reporters.

According to what we learned, government officials had previously discussed Botero Zea's conduct at the news conference and had agreed he would not disclose the content of the anonymous note, which contained part of the statement given by Santiago Medina at the Prosecutor General's Office, however, according to the same sources, Botero Zea used that document, an action that led the Prosecutor General's Office to open an inquiry to determine the possible violation of the confidentiality of proceedings. Moreover, Botero Zea will have to face Proceeding No. 8,000, because Medina's statement also accused him of receiving drug-related money to contribute to the Liberal Party's 1994 presidential campaign.

Thereby, Botero Zea is facing an unbearable situation. The Conservative Party itself asked yesterday for Botero Zea's resignation to help ease the situation being faced by President Samper and so Botero Zea, as a common citizen, may assume his legitimate defense before the Prosecutor General's Office.

With Botero Zea's resignation, another presidential reshuffle, which might eventually affect Government Minister Horacio Serpa Uribe, could take place. The leaders of the Conservative Party have also asked for Serpa Uribe's head. Since Serpa Uribe appeared next to Botero Zea and also told the general public that he had a copy of the portion of Medina's inquiry that had been removed from the copies kept at the Prosecutor General's Office, he has also been implicated in the investigation ordered by the Prosecutor General.

Last week, Assistant Prosecutor General Adolfo Salamanca accused Serpa Uribe of violating the confidentiality of proceedings because of a meeting he held with some 40 reporters, whom he gave details on the statements made by Santiago Medina during the inquiries, as well as details linked to the investigations being conducted by the Prosecutor General's Office regarding the infamous Proceeding No. 8,000.

Caracol has learned that several government and non-government sectors have already told President Samper that it is necessary he clears his administration — at the highest level, at least — of those people who collaborated with him or were his closest advisers during

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his presidential campaign. This has undoubtedly dealt a heavy blow to President Samper, because Fernando Botero Zea and Horacio Serpa Uribe were the top managers of his presidential campaign. Fernando Botero Zea, former Bogota alderman and senator of the Republic, was the manager of Samper's presidential campaign, while Horacio Serpa Uribe was Samper's chief of national debate. Botero Zea, the son of painter Fernando Botero, is also one of President Samper's closest friends.

Caracol has thus confirmed it: National Defense Minister Fernando Botero Zea will resign his post in the coming hours.

Defense Minister Botero Resigns

PA0208164795 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1620 GMT 2 Aug 95

[FBIS Translated Text] Defense Minister Fernando Botero Zea has resigned in the wake of a scandal that broke after the investigation of Santiago Medina, the treasurer of President Ernesto Samper Pizano's campaign. After criticism of the Prosecutor General's Office by the government minister, due to a leak of information to the media, Botero Zea and Government Minister Horacio Serpa held an unexpected news conference on Monday. This has brought about the resignation of the defense minister.

Botero Reads Resignation Letter

PA0208171195 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1625 GMT 2 Aug 95

[Letter of resignation read by Defense Minister Fernando Botero from the Defense Ministry in Santa Fe de Bogota — live relay]

[FBIS Translated Text] Dr. Ernesto Samper Pizano, president of the Republic, Santa Fe de Bogota.

With immense sadness I resign irrevocably the post of national defense minister. The past days were the most difficult in my life. I cannot further prolong a situation in which my personal integrity and the honor of my family are being questioned.

I hope to respond to my actions before justice and to defend the clean background of the president to all Colombians. I give my unconditional support to the decisions that the prosecutor general of the nation might make.

This is the [words indistinct] difficult of my life. I have always been a fighter and have never feared the risks that are inherent in public activities. I apologize to you and Colombian society for quitting before completing my duties, but I am pleased for having achieved unquestionable success at the Ministry in the struggle against drug trafficking and for maintaining a position of radical firmness toward armed subversion.

I withdraw from this post with a special feeling of respect and admiration for the military forces and the national (?police) of Colombia. I return to my family today [words indistinct] throughout so many years of public service. A new phase of my life will start tomorrow [words indistinct].

Botero Explains Resignation Decision

PA0308033795 Santa Fe de Bogota Inravision Television Canal A in Spanish 0000 GMT 3 Aug 95

[Interview with former Defense Minister Fernando Botero Zea by Harnando Corral in Santa Fe de Bogota on 2 August; from the "Seven O'Clock Newscast" — recorded]

[FBIS Translated Text] [Corral] Mr. Botero, how do you feel this evening?

[Botero] I feel fine. Obviously this has been a difficult personal situation for me. I am calm and quiet and we are moving forward.

[Corral] What exactly made you resign? Medina's statements?

[Botero] The situation that has arisen requires a very clear defense of the president and of my actions in the past, of course. I think the country's situation does not permit having a part-time defense minister. This is a delicate situation, with the guerrillas, drug-trafficking, and a full-time defense minister is needed. I decided that my responsibility to the country was to resign to defend myself and the president and to permit a person without this kind of problem to head the Defense Ministry.

[Corral] Do you think the president has forsaken you?

[Botero] Absolutely not. I am very happy with the relationship I have with the president. He has demonstrated much solidarity with me and I with him. I want to defend the president and his government.

[Corral] You have been mentioned as a solid presidential candidate for the future. What will be your political future? What will happen with your political life?

[Botero] Right now I am not thinking about my political future but about my current situation. I want to visit the Prosecutor's Office soon and respond to any question there might be and prepare my defense and that of the president, and this has all my attention at this moment.

[Corral] Not everything Medina is saying has to be true but not all he has said is lies. What is true and what is lies?

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[Botero] These are details of the case I do not want to discuss at this moment. These are the details I will discuss with or explain to the prosecutor general. There will be a time for reports.

[Corral] How stained by drug trafficking was the campaign?

[Botero] The only thing I can tell you at this moment is that if drug trafficking money penetrated the presidential campaign, this was done against the expressed will of the president and the directors of the campaign.

Botero: News Conference Unrelated to Resignation

PA0308033995 Santa Fe de Bogota Inravision Television Canal A in Spanish 0000 GMT 3 Aug 95

[Interview with former Defense Minister Fernando Botero Zea by William Calderon in Santa Fe de Bogota; from the "Seven O'clock Newscast" — live]

[FBIS Translated Text] [Calderon] Let us now begin with our questions to Dr. Botero. It is constantly being said, Dr. Botero, that the information you disclosed during last Monday's news conference had not been approved by the president of the Republic and that this has caused discontent and precipitated your resignation. Is this true or not?

[Botero] No, that is completely false. I had previously discussed these issues with the president and they are in no way related to my resignation. My decision to resign is a result of my determination not to allow the country to have a part-time defense minister since the problems the country is facing are too serious and require a full-time minister. In my case, I found that I would be unable to carry out my duties effectively since I needed to respond to the accusations that have been made and that affect the entire presidential campaign.

[Calderon] Today's edition of EL TIEMPO newspaper carries a harsh commentary suggesting that you may have decided to tarnish the reputation of everyone from the president on down so as not to fall alone.

[Botero] No, in no way does that reflect the truth. I am completely loyal to the president of the Republic and have a good relationship with him. This is the exact reason why I decided to withdraw from the ministry so that I can defend the president of the Republic, who is an irreproachable man and one who elicits the absolute confidence of all Colombians.

[Calderon] Have you felt alone during this entire ordeal or that you have been forsaken by the president during this scandal?

[Botero] No, sir. Absolutely not. I was with the president... [pauses] he even telephoned me when I had already begun to read my resignation letter to try to persuade me to change my mind and remain a member of his cabinet. We really had a very positive and friendly meeting, and I have a very good rapport with him.

[Calderon] Mr. Minister, what did you say when the president phoned you?

[Botero] I responded that I was half-way through my resignation letter and that it was already too late. Most of all, I told him that the decision was already made. I added that I believed it would be more convenient for me, most surely for the government, and most of all for the country, to have a defense minister that could give his full attention to the complex situations the office deals with.

[Calderon] Mr. Minister, from here on how do you plan to defend yourself? What arguments will you be using to show the prosecutor general that you were unaware of the Cali Cartel funds that were used to finance President Samper's campaign?

[Botero] I am not going to go into details at this time. I simply want to reiterate that I am at the disposal of the prosecutor general of the Republic, fully prepared to cooperate with the enquiry and that I am willing to help clarify all events as best as possible.

[Calderon] Dr. Fernando Botero, thank you very much for this interview, and good luck from here on.

[Botero] Thank you very much, William.

Reaction to Botero Resignation Reported

Police Director Comments

PA0208184995 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1626 GMT 2 Aug 95

[Interview with National Police Director General Rosso Jose Serrano Cadena by Carlos Gomez at the Defense Ministry and news director Dario Arizmendi in the studios in Santa Fe de Bogota — live relay]

[FBIS Translated Text] [Gomez] How do you view the defense minister's resignation?

[Serrano] In reality, we are recognizing the minister's work. I believe he has earned respect from the police. He has helped us in the process of the internal purge and reorganization, as well as in the struggle against drug trafficking. I believe he is a leader, the same as the president, who has done his part in the struggle against the cartels, and to eradicate drug plantations. Those efforts have been possible thanks to the effective and steadfast guidance of the defense minister. As general police director I owe him respect and recognition for

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everything he has done for the police. Working with Botero has been very important for us.

[Gomez] What comes next, General?

[Serrano] We will continue working. We will continue with the plan we sketched with him. We will continue the struggle.

[Arizmendi] Gen. Serrano, your name has been mentioned as a possible replacement for the defense minister.

[Serrano] Could you repeat the question please?

[Arizmendi] This is Dario Arizmendi. Special greetings from Caracol's main studios. My question is: Have you received an offer from the Presidency to replace Defense Minister Fernando Botero?

[Serrano] No, no, no, no. Absolutely no. I have talked to the minister, and I have thanked him for his support for the police. Right now we are heading to a meeting with the president to discuss the peace plan.

[Arizmendi] Will the next minister be a military man or civilian, Gen. Serrano?

[Serrano] Nothing has been said about this yet, Dario.

[Arizmendi] When do you think the name of his successor will be announced? What has the president said?

[Serrano] We do not know, as this has been sudden. I believe the government is studying this. We are going to the Presidency now, Dario.

[Arizmendi] Thank you, Gen. Serrano.

[Santa Fe de Bogota Inravision Television Canal A Network in Spanish at 1730 GMT on 2 August carries a similar interview with Gen. Serrano. Asked if in his opinion drug traffickers are achieving their objective of destabilizing the country, he replies: "You know that drug traffickers use all the weapons available to them; as the president said, when bombs do not work, they use other mechanisms. I believe what is important is that we are winning the battle."]

Politicians, Commanders React

PA0308023595 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 3 Aug 95

[Report by anchorperson Paola Charry for the "Seven O'Clock Newscast" — passages within quotation marks are recorded]

[FBIS Translated Text] Politicians' reactions to the crisis that currently prevails in the country — the most recent chapter was Fernando Botero's resignation — were heard everywhere:

[Conservative Party leader Fabio Valencia Cossio] "I think this is obvious. It had to be like that. We are also waiting for the interior minister's resignation."

[Army Commander General Harold Bedoya] "I believe that what is currently taking place is a series of special situations that arise sometimes. However, Colombia is a country that understands, and recovers from, its problems."

[Chamber of Representatives Chairman Rodrigo Rivera] "I think this is an episode that basically strives to protect the government regardless of the circumstances that affect each of the ministerial cabinet members. I believe it is positive from that viewpoint."

[Conservative Party leader Jaime Arias] "I think it is an act of loyalty from Doctor Botero to the president. I also think it is an act of patriotism because it helps solve this grave political crisis."

[Senator Rodrigo Garavito] "I am quite concerned. It causes uncertainty, but the president must be supported and we must have faith."

[Senator Tiberio Villareal] "Once the whole truth is known I believe heads will roll in the country; 36 million Colombians will be included in the Process 8,000."

Campaign Treasurer Makes Charges Against Botero

PA0308021895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 3 Aug 95

[Report by Paola Charry from the "Seven O'Clock Newscast"]

[FBIS Translated Text] What were the charges by Santiago Medina, President [Ernesto] Samper's former campaign treasurer, against former Defense Minister Fernando Botero, who was compelled to tender his resignation?

Santiago Medina's main charges against Ernesto Samper's campaign were three: First, Fernando Botero reportedly authorized Medina to receive money from the Cali drug traffickers and reportedly sent him to that city to meet with the Rodriguez Orejuela brothers during the first electoral round. According to Medina, the Rodriguez Orejuela brothers contributed 1 billion pesos at the time.

Second, Fernando Botero reportedly sent Medina to Cali during the second electoral round, to request an

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additional 4 billion pesos from the Rodriguez Orejuela brothers. According to Medina, he got the money.

Third, Fernando Botero and other campaign officials reportedly handled accounts in the United States with contributions from unidentified sources.

The faceless prosecutors investigating the case must now prove that what Medina states is true.

Interior Minister Not Resigning

PA0308023195 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 3 Aug 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Interior Minister Horacio Serpa, whose resignation has been requested by the Conservative Party, emphatically said today that he does not intend to do so.

[Begin recording] [Serpa] I have received the news of Dr. Fernando Botero's resignation with much sadness.

[Unidentified reporter] Will you resign as interior minister?

[Serpa] No, I will not resign as interior minister. It is a position held by the Conservative National Directorate, which... [pause] well, they have their reasons. Of course, I do not share them.

[Reporter] Do you believe that the confidentiality of proceedings was violated?

[Serpa] First, the document that the government anonymously received was not that of Mr. Medina's inquiry. Second, the comments made at the ministers' news conference were already disclosed by the news media on the morning of 31 July, therefore, one cannot violate the confidentiality of what is no longer confidential. [end recording]

Peace Commissioner Affirms Process 'in Crisis'

PA0308043895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 2 Aug 95

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] The peace commissioner has just made an evaluation of on the peace process. His conclusion: the process is in crisis.

[Begin Peace Commissioner Carlos Holmes Trujillo recording] The process is at a critical stage, but not bogged down. I must affirm, Mr. President, that the process is at a critical stage. Today, there is a widespread view that the government's broad and generous proposals have not been met with a similar response by the guerrillas due to an unwillingness to be more flexible in their position so that, by virtue of agreements, it could be possible to define elements that will allow the formal beginning of negotiations. On the contrary, studies made of what has been accomplished up to now have led many people to say that the only replies received by the government have been war-like actions or an indifferent silence. [end recording]

Commissioner Resigns

PA0308043695 Madrid EFE in Spanish 2035 GMT 2 Aug 95

[FBIS Translated Text] Santa Fe de Bogota, 2 Aug (EFE) — High Peace Commissioner Carlos Holmes Trujillo tendered his resignation to Colombian President Ernesto Samper today, following a year without results in his contacts with the guerrilla groups.

The outgoing commissioner will now assume a post to which he was elected by the National Liberal Directorate (DLN), the Liberal Party's (PL) executive branch, but no one will be appointed to replace him.

During the ceremony President Samper said: "I will not replace the High Peace Commissioner until we are certain the rebel groups have a different attitude (more favorable to peace)."

The guerrilla faction of the Army of National Liberation (ELN) reminded Holmes Trujillo last week, when he announced he intended to leave his post, that he would leave without fulfilling his pledges; adding the achievement of peace would be much more difficult from now on.

The new PL directorate member said "the resignation is intended to create a new opportunity for the achievement of the most sought benefit (peace)" and he proposed the creation of an "approximation commission" that is trusted by the parties involved in the conflict.

President Samper recalled he presented the rudiments of a peace offer in Bucaramanga last May and, since then, the guerrilla groups have replied with actions that resulted in 390 dead, both civilians and military, 60 terrorist actions, 75 attacks on vehicles, and 126 attacks on towns and organizations.

The Revolutionary Armed Forces of Colombia (FARC), the ELN, and two dissident groups of the 19 April Movement (M-19) and the Popular Liberation Army (EPL) are currently active.

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Senator Admits Possible Previous Drug Funding

PA0208221995 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2103 GMT 2 Aug 95

[FBIS Translated Text] Here is Caracol at Narino Palace, Senator Piedad Cordoba, former Liberal Party director, today admitted the possibility that political campaigns, not only for 1994, but previous ones, were one way or the other infiltrated by drug-trafficking money.

[Begin recording] [Cordoba] As a former Liberal Party director, I believe that all the country's political campaigns have been infiltrated by drug-trafficking money; not just now, but from way back.

[Unidentified reporter] Including Ernesto Samper Pizano's campaign?

[Cordoba] Well, I believe, yes, because this is a fact that cannot escape any campaign and what the country is currently going through. [end recording]

The Liberal Party leader said that the resignation of Defense Minister Fernado Botero Zea does not mean the government's collapse, and that the country should not distance itself from its institutional path. Investigations should continue with as much clarity and openness in order to hold responsible [words indistinct].

Conservative Party President on Political Situation

PA0208172795 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 1 Aug 95

[Telephone interview with Conservative Party President Jaime Arias Ramirez by Dario Arizmendi; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] What is the Conservative Party's opinion, according to its president and former minister Dr. Jaime Arias Ramirez, on the confrontation of branches, the differences between the Prosecutor General's Office and President Ernesto Samper's executive branch, through his government and defense ministers. Good morning, Dr. Arias Ramirez.

[Arias] Good morning, Dario. Well, I have been out of the country. I returned last night and found the country in an uproar. I heard the ministers statements at a news conference which I found very unusual, very strange. Later, I heard the prosecutor's reaction and it seems to me that those two spheres of power are clashing again. I think things are starting to get complicated and, of course, I am very concerned with the situation. This is not an official statement of the Conservative Party. The party's directorate will meet today and we will meet with the parliamentarians tomorrow to examine a situation that I believe could become a political crisis with serious repercussions.

[Arizmendi] Dr. Arias Ramirez, how bad could those serious repercussions get?

[Arias] The only thing I want, as a Colombian, is that the situation never to [words indistinct] President Samper's figure. The conservatives defend the country's institutions and that is why we have [word indistinct] the government. Although several media sources, such as EL ESPECTADOR, say the conservatives are turning into government's accomplices of sorts, this is simply not true. We have to [words indistinct] act very prudently because, not only Dr. Ernesto Samper's figure is at stake, the situation could damage the institution of the presidency of the Republic itself. That is why, I repeat, I hope the situation never touches President Samper and that, in the worst case, only several of his advisers be affected. They, of course, should have all the right to a clean, clear, transparent defense.

[Arizmendi] Will the possibility of withdrawing the conservative ministers from President Samper's cabinet be viewed at the party meetings today and tomorrow?

[Arias] I cannot anticipate this. I do not know what the Conservative Party is thinking right now. I believe this — the withdrawal — is a possibility that several people would want us to assume. However, what is most important is to tell the president — and we have already done so — that our support of the presidential institution will continue whether we are in or out of the cabinet. In other words, if the serious crisis impels our conservative ministers to withdraw from the cabinet, this does not mean the Conservative Party, in an opportunistic manner, will start to attack the presidential figure.

[Arizmendi] Dr. Arias, do you believe that a crisis is needed to give the legal branch full license to investigate the actions of several of President Samper's officials?

[Arias] I don't think a crisis will resolve the legal branch's problem. I believe what we have to do is not pressure justice. I have the impression that there is public pressure. The government has publicly stated its position regarding justice. What is also very clear is that justice will have to act quickly because the country cannot take another year of investigations without offering a clear explanation of the events. Thus, I believe a political crisis within the government will not help justice in any way.

[Arizmendi] Do you think the confidential information and the testimonies and investigations that have been leaked and made public by the Colombian media are good for Colombian democracy?

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[Arias] It seems to me that any leak from the legal branch to the media and public opinion is not desirable, however, I also believe it is positive that debates on a case such as this one should be clearly reported because the country has a right to know what really happened during the presidential campaigns, specifically the Liberal Party's campaign. Thus, I hope that the information reported will always be correct and appropriate.

[Arizmendi] At the news conference yesterday, the government and defense ministers said they were ready to assume any responsibility on the case of the alleged money from drug trafficking activities used in President Ernesto Samper Pizano's presidential campaign. Do you think this makes their permanence in the government uncertain?

[Arias] Dario, I thought it was very strange for the ministers to make such a statement. That is, they have already placed their names at the disposal of the president to [word indistinct] crisis. I think it was still not necessary to do so. In other words, Mr. Santiago Medina has made several charges against them, but this is not enough for them to take such a position. That is why, I repeat, if this case is not handled sensibly and prudently it could end up in a sort of Colombian Watergate. This will not benefit the country or its political system and institutions.

[Arizmendi] Thank you for your statements, Mr. Jaime Arias Ramirez.

Minister on Agreement To Freeze Coffee Prices

PA0108161395 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 1 Aug 95

[Interview with Finance Minister Guillermo Perry by Orlando Cano Vallejo; place not given; from "Caracol's 0600-0900" newscast — recorded]

[FBIS Translated Text] [Cano] At a special meeting of the National Committee of Coffee Growers [Comite Nacional de Cafeteros] that continued until past midnight, the executive branch and leaders of the coffee sector adopted measures to help coffee growers. The automatic revision formula for domestic coffee prices has been suspended for 15 days. Effective today, the price will remain at 201,500 pesos per 125 kg, including a bonus of 10,000 pesos. What is the purpose of this decision, Minister Perry?

[Perry] The [word indistinct] price is maintained, preventing further declines in prices. This is consistent with the current recovery of prices based on agreements among producers.

[Cano] Has the automatic revision formula for domestic prices been discarded?

[Perry] No, not at all. There have been agreements among producers, which as you know have had an effect on international prices, which are currently stabilizing. Under the circumstances, it was necessary to adopt these measures.

[Cano] Does the fact that the formula has been suspended temporarily mean that the executive is confident that domestic prices will recover?

[Perry] Yes, of course. We are confident that the measures we have agreed upon with coffee producers will continue to have a [word indistinct] effect.

[Cano] With an internal coffee price of 201,500 pesos per 125 kg, the government and coffee producers are hoping international prices will improve in 15 days in order to implement the formula again to give Colombian coffee growers more resources.

Development Minister on Social Pact Achievements

PA0108152995 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 31 Jul 95

[Telephone interview with Development Minister Rodrigo Marin Bernal by Carlos Ruiz in Santa Fe de Bogota; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Ruiz] A meeting of the Social Pact Follow-Up Committee will start in Santa Fe de Bogota shortly. This is the mechanism through which businessmen, workers, and the national government are trying to reduce inflation. Development Minister Rodrigo Marin Bernal is one of the coordinators of this committee. Good morning, Mr. Minister.

[Marin] How are you?

[Ruiz] Very well, Minister. Thank you very much. This meeting will take place at the end of July. This month has been apparently favorable, because according to the initial figures of the statistics department, cost of living will probably not increase by more than 1 percent during this period. The experts, however, have agreed that neither the government nor the country will reach the 18 percent annual inflation rate goal. What assessment will you present to this committee, Mr. Minister?

[Marin] First of all, Carlos, I must clarify that this will not be a regular meeting of the Follow-Up and Evaluation Commission of the Social Pact for Productivity, Prices, and Salaries. No, it will be a regular meeting of the Social Pact Central Committee, which along with the Board of Directors of the Bank of the Republic, will assess the results of the macroeconomic policies applied to achieve the inflation goal.

We must recall that the social pact is not, or was ever meant to be, the essential instrument to stabilize

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prices in our economy. It is only a complement to the adjustment efforts to lower inflation of the Board of Directors of the Bank of the Republic, and of course, of the government, which is responsible for exchange, monetary, and fiscal policies.

Inflation rates registered during the first half of this year show in an inequivocal, overwhelming, and undeniable manner that had it not been for the social pact, price increase rates would have been above the ones registered. This could be attributed to measures adopted within the framework of the pact in areas such as public services, salaries, transportation, and gasoline.

Thus, claims that the pact is deteriorating or that it has suffered blows that weakened it or made it fail are not in keeping with reality. The facts are inequivocal and are backed by figures of unquestionable value. For example, the price of goods of services, which are subjected to the commitments that the government acquired, are now growing at 19.4 percent compared to over 27 percent as of May 1994, that is, they are growing at a rate 8 percent lower.

The social pact is a formidable and innovative instrument for reaching social and economic consensus. Today, the Social Pact Central Commission, by urging of the government, will certainly approve a declaration reaffirming the concurrent willingness of those who signed and supported it. This will be done to maintain the commitments acquired by renewing the same plan to keep this valuable tool in order to reach consensus, dialogue, and restore the basic principle of solidarity and social harmony.

[Ruiz] Mr. Minister, but if all sectors agree that it will be impossible to reach the 18 percent goal, that is, that inflation rate could surpass that 18 percent, will you modify this year's inflation ceiling or goal, as some sectors have called it?

[Marin] It is an important to note that the Board of Directors of the Bank of the Republic, under its exclusive responsibility, establishes the inflation goal in keeping with clear legal provisions, as well as the macroeconomic policies to ensure its fulfillment.

The social pact is a new instrument that aims to help achieve the established goals of reducing inflation to levels that are compatible with the productive performance of the economy and especially with the social welfare of the population. Success of the pact has been indisputable. Any adjustment of the goal is, obviously, not a government duty, but of the Board of Directors of the Bank of the Republic.

[Ruiz] Mr. Minister, although there is much praise for the social pact and its results, what sectors have been more elusive? What areas have been difficult to bring under control in implementing this goal?

[Marin] Food because harvests are seasonal, rentals because the administrative mechanisms, which are under the responsibility of mayors and are based on Law 56 of 1985, have not operated adequately, and of course, and also health services and education. Food, rentals, and health and education were the three most [five-second break in reception] sectors. The government is trying to expand the participation of the various players that are part of this social pact. We are trying to commit those who are responsible for these sectors such as the Colombian Federation of Real Estate Exchanges [Federacion Colombiana de Lonjas de Propiedad Raiz — Fedelonjas], which signed an agreement, but the truth is that this has not been good enough. We also want to involve the representatives of private education and of the health services.

Should we achieve this, there is no doubt that next year we would have a more active level of participation, because these sectors have been openly reluctant to adhere to the pact's goals.

Ecuador

Officer on Need for U.S. Support To Fight Drug Trafficking

PA0308044795 Quito Voz de los Andes in Spanish 1700 GMT 2 Aug 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadoran Lieutenant Colonel Jorge Moreno said in Panama that Ecuador needs firm U.S. support to strengthen its struggle against drug-trafficking activities, including the laundering of money resulting from drug trafficking.

According to this officer, U.S. assistance is necesssary now that Ecuador is an oasis free of the grave drug problems that exist in other countries of the region and not when the drug-trafficking problems becomes uncontrollable.

Moreno spoke about this during exercises organized by the U.S. Southern Command. The exercises were dedicated yesterday at the United States' Albrook Air Force Base in Panama.

The exercises are called United Forces Exercises Against Drug Trafficking.

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Foreign Minister Notes Improved Relations With Peru

PA0208134095 Quito Voz de los Andes in Spanish 1700 GMT 1 Aug 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadoran Foreign Minister Galo Leoro Franco announced that Peruvian President Alberto Fujimori will participate in the Rio Group meeting to be held in Quito this coming September. He noted that President Fujimori's participation in the Rio Group meeting demonstrates that the process of detente is on the right path and will permit improving common relations with Peru.

The foreign ministers of Ecuador and Peru, Galo Leoro Franco and Francisco Tudela, respectively, agreed to work toward strengthening the friendship and good neighborliness of the two nations.

Galo Leoro Franco sent a congratulatory message on 28 July to Peruvian Foreign Minister Francisco Tudela on his recent appointment. Leoro told Tudela on that occasion: I wish to express my firm purpose to continue to work for the common objective of renewing an active relationship of friendship, neighborliness, and cooperation, which constitute the desire of peaceful coexistence shared by our peoples and governments.

His Peruvian counterpart acknowledged his appreciation of the message and said: I share with you the purpose of working with determination to strengthen the ties of friendship and neighborliness, which should characterize relations between two peoples, which like Peru and Ecuador are bound by geography, culture, and the common desire for development and peace.

Demilitarized Zone at Border In Effect 1 Aug

PA0308042195 Quito Voz de los Andes in Spanish 2300 GMT 1 Aug 95

[Report by German Carvajal Torres, from "The Voz Andes Newscast"]

[FBIS Translated Text] Lima — The demilitarized zone between Peru and Ecuador went into effect today, the result of a difficult agreement reached by the two countries within the peace process on the border zone, where they had engaged in a military confrontation.

The agreement ended more than two months of uncertainty and suspense in the negotiations that Peru and Ecuador started in March, following the undeclared war that pitted them against each other from 26 January until 28 February.

The agreement reached by Peruvians and Ecuadoreans eliminated an obstacle in the peace process, which had reached a stalemate after Ecuador rejected in May the original proposal for a demilitarized zone presented by the observer countries' mission.

Ecuador Accepted as Member of World Trade Council

PA0308042795 Quito Voz de los Andes in Spanish 1700 GMT 2 Aug 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Patricio Izurieta Mora Bowen, assistant secretary of the Commerce Department of the Ecuadoran Foreign Ministry, has confirmed that the World Trade Council's General Council has unanimously accepted Ecuador as a member of the organization.

He said: For Ecuador, a small nation, joining an organization in which everybody enjoys equal rights is a significant advantage, especially for foreign trade planning purposes. He said all countries wanting to secure forein exchange through the international market and foreign trade must be part of this organization where privileges are granted equally to all member countries.

Paraguay

Foreign Minister Views Mercosur, EU Discussions

PY0208205095 Asuncion NOTICIAS in Spanish 1 Aug 95 pp 24, 25

[FBIS Translated Text] Asuncion has once again become the venue for Common Market of the South [Mercosur] member countries. With the preliminary technical deliberations of the Trade Committee, which will be followed by meetings of the Common Market Group [GMC], the Council of Ministers, and the Presidential Summit, Mercosur member countries will continue to make decisions that will consolidate this regional integration endeavor.

Foreign Minister Luis Maria Ramirez Boettner yesterday confirmed that Paraguay will formally request the enlargement of its list of exceptions at the Seventh Mercosur Summit, which to all practical purposes began yesterday with a meeting of the Sixth Trade Committee. This committee — with representatives from Argentina, Brazil, Paraguay, and Uruguay — began with a follow-up to previous discussions and new consultations on specific trade issues. The Trade Committee meeting will end today and will be followed by a GMC meeting that will last until 3 August at the Foreign Ministry on the 17th floor of the Ayfra high-rise building in Asuncion.

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Answering questions by journalists on 31 July, Ramirez Boettner pointed out his achievements during his seven months as Mercosur pro-tempore president. Ramirez Boettner's term ends today. His achievements include "the implementation of the Common External Tariff (CET) and the establishment of the Customs Union as of 1 January 1995." He added: "Solutions are still being sought for problems that obviously crop up under a totally different system like the CET system."

Negotiations With the EU

Ramirez Boettner emphasized the advancement of the smooth talks with the EU to negotiate a trade deregulation agreement, seeking to achieve a Free Trade Zone by 2005. Following the Americas Summit in Miami, Paraguay represented Mercosur at the Trade Summit held in Denver.

The foreign minister said: "After discussing it with our three partners, I explained the Mercosur position. I believe these achievements — there are others — express Paraguay's activities as pro-tempore president for the past six months."

The foreign minister also confirmed the preliminary technical meetings for today and tomorrow. These meetings will be followed by a gathering of the Common Market Group, whose conclusions and recommendations will be submitted for consideration by the Council of Foreign and Economy Ministers and the Seventh Presidential Summit.

President Wasmosy Interviewed on Military, Congress

PY0308013195 Asuncion NOTICIAS in Spanish 29 Jul 95 pp 2-3

[Interview with Paraguayan President Juan Carlos Wasmosy by Celso Chavez and Mario Diaz in Lima, Peru, on 28 July]

[FBIS Translated Text] [NOTICIAS] The opposition insists that the Armed Forces have not done their part in the commitment to democracy, particularly after the latest developments [inauguration of the military parade ground], which shows that they are far from having become institutionalized.

[Wasmosy] In my opinion we should work to strengthen the democratic process, as time passes, during this stage that I call the stage of democratic consolidation. We need political maturity and an open-minded cooperation between all political forces. The ruling party as well as all other parties will benefit. If the opposition wants to rule the country it must forget the possibility of coups or the use of force. They must win the government by legal means, that is, by winning in clear and honest elections.

[NOTICIAS] How, then, should this process be conducted?

[Wasmosy] It is not important who wins, but the way in which this process is conducted. The majority as well as the minorities should be able to express their opinions and work together in harmony to reform the state, something that will benefit all Paraguayans. The dialogue and the search for agreements will benefit everyone, not particularly the Colorado Party or the Liberal Party.

[NOTICIAS] What about General Lino Oviedo's speech?

[Wasmosy] I do not think that Oviedo's speech was out of context. I recall that last year I promulgated the national budget, which contained many mistakes, with the promise that Congress would correct the situation by March. That law confused domestic bonds with foreign bonds, for instance. I signed the bill into law so as not to paralyze the country. We are almost into August, and Congress has still not passed the budget reform bill, the new military and police forces classification, and laws that are essential for cleaning up the financial market. However, I think that once we sit down to talk we will find points of agreement for new formulas to address our disagreements, which are normal in a democratic process.

[NOTICIAS] The opposition continues to demand that you retire Gen. Oviedo. What is your answer to this demand?

[Wasmosy] You must understand that I alone must make that decision. I will not be influenced by Congress or anyone. I am the commander in chief and the president. I will make that decision when I deem it appropriate, and not following pressure or because some people want it.

[NOTICIAS] According to the opposition, Oviedo constantly diminishes the power and national stature of your position as president of the Republic. Do you not think so?

[Wasmosy] I gave the order to build the parade ground, a place for military or student parades or for cultural events. I will not deny it. First we wanted to build the parade ground in Nu Guazu, but the minister [not further identified] said the place had been built as a park, that they were spending money there to make people feel at ease, and that the area was not appropriate for a parade ground. Then we thought about the premises owned by the Air Force, but the ground is involved in a conflict with the municipality of Luque. Then we found this area, that was not being used for anything. I went to see the area, I liked it, and I ordered the parade ground

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to be built there. I cannot say that I did not give the order simply because people did not like what was done. No, I assume entire responsibility, and not to defend Oviedo, but because it was my decision and I authorized it.

[NOTICIAS] Will you continue to work with Congress, or would you like to do what your Peruvian counterpart Alberto Fujimori did at a certain time?

[Wasmosy] Look here, the situation in Peru — and I say this with all due respect — and the situation in Paraguay are not comparable. There they have Shining Path. In Paraguay, I think we have in a short time achieved more than Peru was able to achieve since [General Francisco] Morales Bermudez, who started the process by allowing elections. Today the replacement of one government for another has been institutionalized; it is normal. I do not think the two situations are comparable.

Congressional Committee To Support Radio Nanduti

PY0308134895 Asuncion ABC COLOR in Spanish 29 Jul 95 p 5

[FBIS Translated Text] The seven members present yesterday at a meeting of the Congressional Investigating Committee [CBI] unanimously expressed full solidarity with Radio Nanduti, which received a court order suspending the program "Encounter with the Truth" conducted by Herminia "Mina" Feliciangeli, on the grounds that the measure hurt the radio's right to freedom of the press.

This week's "Encounter with the Truth" was to have called on the audience to give their opinion on a journalistic investigation involving General Andres Rodriguez, retired, who owns the "Primavera" ranch. Ownership of this property is currently being disputed by the former owners.

Rodriguez filed a petition of amparo with the court to prevent the airing of the program, arguing that his rights to privacy as well as his name and reputation would be affected.

As an urgent measure, Lower Court Criminal Judge Carlos Monges Lopez issued Resolution 1523 on 27 July allowing Rodriguez' petition and ordering Radio Nanduti owner Humberto Rubin to abstain from mentioning Rodriguez private or public life.

After studying the case, the CBI plenum considered the decision by the criminal judge is a clear attempt to hinder the right to freedom of the press as guaranteed by Article 26 of the Constitution.

The CBI then created a subcommittee made up of Deputies Luis Alberto Mauro, Walter Bower Montalto, and Senator Elba Recalde to transmit the CBI solidarity to Rubin and visit other local radio stations.

Deputy Luis Alberto Mauro, of the National Encounter Party, said that people's freedom of expression cannot be limited or restricted because it is a form of censorship. Mauro said freedom of the press cannot be censored because it is guaranteed by the Constitution. It cannot be altered, even by Congress.

Mauro said if Gen. Rodriguez feels the program violates his rights he can always sue the radio for slander, but only when what is being investigated is not true.

Peru

Need To Review Inter-American Defense Doctrine Viewed

PY0208223095 Lima EL COMERCIO in Spanish 24 Jul 95 p A2

[Editorial: "The Inter-American Defense Doctrine"]

[FBIS Translated Text] One of the main concerns expressed during the Summit of the Americas — which was held last December in Miami with the participation of 34 regional presidents — was the need to review the concept of hemispheric security following the Cold War.

The Defense Ministerial Meeting of the Americas was summoned, which is now being held in Williamsburg, Virginia, is the result of this concern.

The agenda includes the review of the defense doctrine of the western hemisphere and the definition of the role of the Armed Forces. There should, without any doubt, be a wide number of issues for discussion, considering the new situations that the end of this century brings.

It should be recalled that until the fall of the Berlin Wall in December 1989 and the subsequent disappearance of the USSR and the destruction of the European-Communist bloc, the main criteria in Latin America for military defense and security has been based on an ideological perspective and a tensely peaceful coexistence between East and West.

With the United States being the leading power among Latin American countries, strategies that were drawn up were coordinated with the Secretary of Defense in Washington. The autonomy of each state was respected and joint exercises as part of various program like the Unitas Naval exercises were carried out.

The Inter-American Reciprocal Assistance Treaty (TIAR) was created through the OAS for mutual aid in cases of extra-continental aggression against any country of the hemisphere.

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But from the beginning of this decade, with the consolidation of the United States as the main axis of a "unipolar" world and with the growing trend to participate in peacekeeping missions through the United Nations, the focus has changed radically.

Despite the survival of an obsolete Communist regime like Cuba, the so-called "Red Threat" is no longer a threat. Not only because the new Russia is behaving like an ally of the west but also because the various efforts to export the Marxist revolution have been fully controlled in Central and South America through the failure of the Sandinist experience in Nicaragua and the cessation of hostilities by the Farabundo Marti National Liberation Front in El Salvador.

The terrorist violence carried out through focalized groups like the Shining Path in Peru and the so-called Revolutionary Armed Forces of Colombia (FARC) have particularly national characteristics which, despite having similar Marxist ideological platforms, do not conform to the typical movements of past decades.

The greatest risk for the Inter-American doctrine of security lies specifically in links between terrorism and the criminals of drug trafficking because one feeds the other. Combined, they are not just a military and police threat, but also a political and economic threat due to their infiltration in governments, public bureaucracy, and political parties.

The activities of traffickers are not restricted to the illegal traffic of drugs and the practice of "laundering narcodollars." Also, and this is very dangerous, there are concrete indications of how efforts are being made to establish some kind of drug "culture" to erode conscience and the correct way of thinking of the people.

The case of Cuba — the only country of the region not attending the Williamsburg meeting — should receive preferential treatment from the strategist of the Americas. Perhaps not so much over the military effects that would follow the end of Castro, but because of social and political upheavals that may occur the day the Cuban people decide to exert pressure to regain their democratic institutions.

Regarding the TIAR, no doubt its essence disappeared during the Malvinas war when the United States preferred to support the United Kingdom and not Argentina in 1982. That treaty must be reviewed in a similar way to what is happening in Europe with NATO and the Warsaw Pact.

Furthermore, the review of priorities within Inter-American security cannot exclude other aspects that create great concern — among them border conflicts between some states — and even the presence of fundamentalist religious organizations from other parts of the world as was seen in two serious attacks perpetrated by Islamic terrorists in Buenos Aires.

Commentary Views Williamsburg Conference

PY0208234095 Lima EXPRESO in Spanish 27 Jul 95 p A27

[Commentary by Alejandro Deustua C.: "Military Men in Williamsburg"]

[FBIS Translated Text] In these times of dogmatic liberalism — when even in the United Kingdom the appointment of a promising politician to the Defense Ministry is seen as punishment (as opposed to appointment to a ministry in the economic area) — the defense ministers of Latin American countries met in the United States. The Williamsburg conference, which in past decades would have described, somewhat justifiably, by Latin Americans as an imperialist maneuver or a plot against leftist organizations, was held amid some mistrust but without much opposition. It sought to increase mutual trust and cooperation among institutions which have traditionally represented the state.

However, in view of the prevalence of dogmatic liberalism, these two reasonably significant goals do not seem to have been priority objectives bearing in mind the domestic policies of the countries represented at the conference are based on strengthening markets and private business. If, as a group, they do not face a specific foreign enemy then the streamlining of the defense area will be based on a relative decrease in military spending and, therefore, the Armed Forces. Some may wonder why one would grant institutions identified with the state a renewed prominence and why the first world power is promoting this prominence at a time of a relatively low-level hostilities? The answer is as obvious as it is convincing: For hemispheric security reasons, which is a task that can only be carried by the state, and because the first world power and its hemispheric partners need to achieve a new consensus to guarantee that the new democratic order is properly set up within the framework of economic development.

Despite these being important reasons, and in view of the "new approach" to security, these do not offer an adequate explanation for the meeting in Williamsburg. Had the "new" hemispheric security been the main reason for holding the summit, the logical answer would have been to summon the economy ministers or cabinet members in charge of social areas; not the Armed Forces of Latin America.

If security is today essentially based on economic and social issues, as some want us to believe, it would

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have been more suitable to discuss the need for national economic policies to prioritize issues such as job sources, the eradication of poverty and social injustices, the meeting of basic needs, the granting of adequate public health service, and the reorganization of the state (issues which are the concern of the World Bank and which have prompted the holding of the Summit on Social Development in Denmark). The recurring theme of the meeting might well have been: "The Sustainability of National Economies and the Strengthening of Private Enterprise" (the liberal priority). This is a security duty that should be entrusted to society "as a whole" through its respective organizations and not just through the Armed Forces.

Nevertheless, it is not this kind of security that the defense ministers discussed in Williamsburg. What is more, their agenda did not encompass any ideologies or philosophy, apparently only institutional issues. Through the interaction of the military leadership, the incentive of inter-institutional cooperation, and the identification of corporate roles projected for the 21st Century, the defense ministers only discussed subjective issues pertaining to hemispheric security. They discussed the Armed Forces role instead of assessing their context and defining their proper position.

The Williamsburg conference reportedly seeks to achieve a degree of specialization, which is restricted to the military corporate level [ambito corporativo militar]. Its relationship with the new contexts in which the military should participate will be apparently divided between issues that may be discussed openly (the Armed Forces and democracy) and issues that should be discussed in more restricted groups (the Armed Forces and drug trafficking), seeking to stimulate consensus and cooperation. This is all very fine but clearly insufficient if a serious discussion on participatory hemispheric security [seguridad colectiva hemisferica] is downplayed.

It is a good initiative to promote the association of the Armed Forces of the Americas, whenever results are not measured solely in public relations terms. Socialization generates processes that inspire trust among participants and encourage the achievement of common interests. It would be insufficient, however, if it only seeks self-obliging objectives like the belief that social order depends on the effectiveness and decency of the Armed Forces. It will be insufficient if it overlooks the instability of the foreign context, and that the role of the military in the 21st Century will not just be determined by new phenomena like drug trafficking and terrorism, but that it is still conditioned to the subsistence of territorial conflicts and the unjustified meddling of the military in democracies.

The Williamsburg meeting should be the source of ideas and consensus that seek to define the new terms of the collective security required by the OAS — the organ responsible for adopting definitive decision — which is slow to react, and not just a source of trust leading to a mechanical and more integrated cooperation. In other words, ideologies aside, for the countries of the Americas it is more important to know why and on what terms, rather than how they will achieve cooperation.

The redefinition of the terms for military cooperation at the hemispherical level is even more urgent in view of the crisis affecting the global security mechanisms that have been witnesses through the violation of the spirit of the NPT [Nonproliferation Treaty] and the indecisions of the UN Security Council regarding the safeguarding of peace and the ditherings of NATO. If the Armed Forces of the Americas are unable to achieve a consensus on military cooperation, they will stand even less chance of making decisions on issues like the maintenance of peace outside the region or coordinating actions with other military alliances. Worrying too much will only serve to make them concentrate too much on themselves instead of looking to the 21st Century. The Williamsburg conference should help to change this situation.

Ecuador Increases Satellite Station's Power

PY0208152495 Lima EXPRESO in Spanish 26 Jul 95 p A2

[Special EXPRESO correspondent from Washington]

[FBIS Translated Excerpt] Last week, in the midst of the negotiations to establish a demilitarized zone, Ecuador increased the power of its satellite ground station in Cotopaxi. Thus Ecuador is now able to detect with great precision the movement of vehicles throughout Peruvian territory.

The Cotopaxi station is a ground station located 65 km south of Quito that, during the border conflict, could only pick up information from northern Peru. Now it can do so within a radius of 2,500 km, according to Pentagon intelligence sources.

The station can now monitor 100 percent of Peru, Bolivia, Colombia, Venezuela, Guyana, Suriname, French Guiana, western Brazil, northern Chile down to Antofagasta, Central America, part of the Caribbean, and southern Mexico up to the Yucatan Peninsula.

The fact that the satellites pass over the same location every 18 days gives the Ecuadoran Armed Forces updated information on the Peruvian military facilities; critical points; the deployment of ground units, aircraft,

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war ships, armored vehicles.... in sum, anything that moves or is still.

According to the sources, the fact that Ecuador has increased the power of the Cotopaxi station represents a threat for Peru, which does not have the equipment for electronic warfare. [passage omitted]

Uruguay

Diplomatic Offensive on Trade Obstacles Announced

PY0208184295 Montevideo EL OBSERVADOR in Spanish 26 Jul 95 p 9

[FBIS Translated Text] The government will not spare opportunities to express its annoyance at Brazil's trade restrictions: The matter will be discussed by President Julio Maria Sanguinetti with his counterpart Fernando Henrique Cardoso, by Foreign Minister Alvaro Ramos with his counterpart Luiz Felipe Lampreia, and by Industry Minister Federico Slinger with his Brazilian counterpart Dorothea Werneck, and will be raised at the Mercosur [Common Market of the South] Commerce Commission.

Meanwhile, important local textile companies have begun feeling the initial impact of Brazil's nontariff barriers to the import of manufactured products. Private sources told EL OBSERVADOR that many of their clients have already suspended their purchase or rs.

Uruguay's highest-ranking officials will attempt to obtain a Brazilian promise to eliminate the bureaucratic obstacles and restrictions affecting national exports. The main demands will be to allow import permits to be in effect long enough to make it possible for entrepreneurs to finish their export procedures, to eliminate obstacles hindering the import of vehicles, and to exclude Uruguayan textiles from the requirement to pay cash.

The government expects its diplomatic offensive to yield results before the Mercosur summit in Asuncion on 4 and 5 August. Foreign Ministry officials told EL OBSERVADOR that Uruguay does not want to discuss these concrete differences during the presidential summit.

Foreign Minister Ramos expressed concern about the "negative impression" caused by these commercial difficulties and the consequent "damage to Mercosur's international image."

The measure approving only imports conducted in cash started interfering with the country's commercial relations with our neighbor as of last week.

The sources said "it is usual" to finance these deals through the appropriate letters of credit, which "last an average of 90 to 120 days."

The Brazilian Government implemented an administrative measure requiring the appropriate department to approve import permits only for operations paid for in cash, independent of origin.

Uruguayan industrial circles are concerned because "businesses can be closed in hours while negative economic measures are corrected in months," one of the sources said.

The source referred to the time that elapsed since the possibility of implementing new nontariff obstacles was first mentioned.

The Industrial Chamber of Clothing is concerned because "this week we should start receiving orders for the winter season." Brazilian importers fear "more restrictions" from the government and do not rule out a further retraction of business, the sources said. "If the measure adopted by Brazil is not reversed in the short term, the PEC [Trade Expansion Protocol] and Mercosur will be agreements of doubtful validity."

Textile and clothing industrialists agreed that the Brazilian market "became important as a consequence of the over-valuation of their currency." In the area of clothing, for instance, the sources said that the U.S. market "was lost precisely for the same reason."

Montevideo Files Protest Note

PY0208192095 Buenos Aires TELAM in Spanish 2138 GMT 28 Jul 95

[Report by unidentified correspondent]

[FBIS Translated Text] Montevideo, 28 Jul (TELAM/SEM) — A government source reported today that Uruguay has filed a diplomatic note with Brazil over the Brazilian barriers to the entry of Uruguayan products into that market.

The government source told TELAM: "Using diplomatic channels, the Oriental Republic of Uruguay today filed a complaint with Brazil over its various customs barriers to foreign trade."

Dorothea Werneck, the Brazilian industry and commerce minister, today said in Montevideo that "nothing would make the Brazilian Government give up its policy of economic opening."

Werneck said the problems among Mercosur [Common Market of the South] partners are normal and would crop up again in the future.

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The diplomatic note was simultaneously delivered a few hours ago to Renato Prado Guimaraes, the Brazilian ambassador to Uruguay, and to Itamaraty (the Brazilian Foreign Ministry) by Uruguayan Ambassador to Brazil Enrique Fynn.

This issue was also discussed by President Julio Maria Sanguinetti with his Brazilian counterpart, Fernando Henrique Cardoso, when they traveled together from Brasilia to Lima on 27 July to participate in President Alberto Fujimori's inauguration for a second term in office.

The official sources contacted by TELAM pointed out that next week Brazil would give a final response to Uruguay on this issue.

The Brazilian Entrepreneurial Council, which includes the ministers of the commercial area, will meet on 1 August in Brasilia. The Uruguayan proposals will be discussed there.

During the past few weeks, Uruguayan car and textile exports have been unable to enter the Brazilian market and Uruguay has encountered serious problems in the procedures to secure import permits.

Minister Werneck, who is paying an official visit to Montevideo, downplayed the importance of the current barriers to Uruguayan exports. She said these types of problems are normal for an integration process and would crop up again in the future.

Werneck emphasized: "The Mercosur is being strengthened." She added: "Major decisions like the Ouro Preto Agreement and the Common External Tariff have already been made."

She noted: "Nevertheless, this process requires permanent negotiations by the four countries to develop and enhance integration."

Concerning the current trade problems between Uruguay and Brazil, Werneck said: "The problems are not as serious as they appear. And I would say that, within this process of establishing a customs union and the future common market, there will be new points of discussion every month."

In the opinion of the Brazilian minister, the trade problems with Brazil "are not problems, but merely adjustments that must be implemented throughout the integration process."

Werneck emphatically denied that the Brazilian Government wants to review the policy of economic opening.

The Brazilian minister emphasized: "I want two things to become absolutely clear to everyone, to entrepreneurs, workers, or governments: The Mercosur is for good, and unless Brazil's trade opening policy changes, we will retreat or go backward." [sentence as received]

Sanguinetti: Brazil To Lift Restrictions

PY0208203395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2218 GMT 28 Jul 95

[FBIS Translated Text] Montevideo, 28 Jul (AFP-NA) — The Brazilian Government promised the Uruguayan authorities today to give a "satisfactory response" to their request for lifting the restrictions imposed on Uruguayan imports. This announcement eased the atmosphere of tension between the two countries over trade matters.

Uruguayan President Julio Maria Sanguinetti announced that as a result of a meeting with his Brazilian counterpart Fernando Henrique Cardoso in Peru, "we have reached agreement so as to solve these problems," which he termed "normal within an integration process."

The Uruguayan president made these remarks to reporters from Montevideo radio stations, who accompanied him on his trip to Lima to attend Alberto Fujimori's inauguration for a second presidential term.

Sanguinetti said: "Cardoso gave us an assurance that next week we will have a satisfactory response to our demands for Brazil to dismantle all barriers to trade so as to overcome this minor incident."

The controversy between both countries flared up two weeks ago following the Brazilian Government's decision to adopt several measures to reduce its huge trade deficit, including a decree ordering restrictions on imports of textiles, clothing, and rice.

According to official data, the items affected by the newly imposed Brazilian restrictions account for nearly 75 percent of Uruguay's total exports to Brazil.

Sanguinetti and Cardoso — who formed a close friendship some years ago — traveled to Lima on the same plane on 27 July. Sources close to the Uruguayan Presidency reported that "during the flight, both heads of state analyzed the trade dispute."

The harsh Brazilian measures were labeled in Montevideo as "nontariff customs barriers," which hamper the consolidation of the Common Market of the South (Mercosur), an integration endeavor furthered by Argentina, Brazil, Paraguay, and Uruguay.

Mercosur became effective in January 1995 with the establishment of an imperfect customs union, which obliges its partners to be governed by a Common External Tariff, even though each partner has its own list of products exempted from the payment of this levy

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until they fully adapt to the new subregional integration model.

The Uruguayan president conceded that the restrictions which Brazil unilaterally imposed on imports violate Mercosur agreements. He nonetheless stated that "it is ill-advised to exert too much pressure on the Cardoso administration," and thus hinder Brazil's economic stabilization process.

Sanguinetti pointed out that "Brazil is facing a serious problem because of its trade balance deficit, and Uruguay does not approve of endangering Brazil's stability, for if our neighbors were to collapse, they would engulf us together with Mercosur itself."

Sanguinetti strongly recommended finding "joint solutions" to problems troubling the four Mercosur member countries and said he was full of "optimism for the future of the integration initiative."

Military Participation in Drug Enforcement Endorsed

PY0108180595 Montevideo EL OBSERVADOR in Spanish 27 Jul 95 p 6

[FBIS Translated Excerpt] Defense Minister Raul Iturria has endorsed the U.S. proposal involving the participation of the Armed Forces in drug enforcement operations. Iturria has said that although drug trafficking does not seriously threaten Uruguay, the latter will participate in this endeavor.

The defense minister expounded this position at the Defense Ministerial Meeting of the Americas, excepting Cuba, that closed in Williamsburg, Virginia on 26 July. Uruguay thus endorsed the decision of the majority.

Nevertheless, this decision did not receive unanimous support because the Argentine and Chilean defense ministers expressed certain reservations about it.

U.S. Vice President Al Gore called upon the Latin American Armed Forces to combat drug trafficking, although not on the firing-line .

The defense ministers of the Americas analyzed the new agenda in the wake of the Cold War, which includes very different missions for the new armies that will cross the threshold into the 21st century subordinated to the civilian power emanating from democratic systems of government.

These new missions entail participation in UN peacekeeping operations, drug enforcement, and environmental protection, as well as the adoption of measures to promote mutual trust, such as the disclosure of military budgets and joint maneuvers.

Iturria told EFE news agency that Uruguay has embarked on the modernization of the Armed Forces with a view to keeping them attuned to current technological changes rather than for military purposes. The defense minister pointed out that the United States could cooperate in this endeavor.

The defense minister further stated that the maintenance of peace has become a veritable tradition in Uruguay since it joined the peace commission in charge of overseeing the cease-fire between Bolivia and Paraguay following the war over the Chaco region in 1953 [year as published; war ended in 1935], and since it joined international peacekeeping forces in 1948 following the border conflict between India and Pakistan.

Iturria was of the opinion that from a military standpoint, terrorism, weapons smuggling, and the white-slave trade constitute, among others, the most serious threats to hemispheric security because they are frequently backed by powerful organizations. [passage omitted]

Venezuela

Report on Caldera News Conference

PA0208173395 Caracas EL UNIVERSAL in Spanish 30 Jul 95 p 1-14

[Report on news conference by Venezuelan President Rafael Caldera in Lima, Peru; date not given]

[FBIS Translated Text] The Venezuelan head of state denied that Venezuela participated in gunrunning, in any way, during the war between Peru and Ecuador. He also underscored the progress achieved on an international agreement that he is promoting to prevent corrupt ones from seeking refuge abroad. He said that the issue of border security between Venezuela and Colombia will not be relegated to second place within the agenda of talks with Bogota. Here are the major points of the news conference:

[EL UNIVERSAL] Has there been talk about Peru's return to the Andean Pact and about some investments that Venezuela could make?

[Caldera] Yes, I had a very cordial meeting with President Fujimori to discuss relations between the two countries, not only bilateral relations but also multilateral ones.

We, Venezuelans, want to help link the Andean subregional group to the Mercosur [Common Market of the South] subregional group. We think that links and exchanges between the two subregional groups would reflect the ideal of Latin American integration. This is,

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undoubtedly, another step of the journey toward hemispheric integration, which should be our ultimate goal.

I voiced Venezuela's interest in seeing two fraternal countries such as Peru and Ecuador reach a satisfactory agreement and establish a permanent relationship of peace and exchanges. I offered him Venezuela's best efforts to ensure that such a relationship will become increasingly better and that it will be normalized for the sake, not only of those two nations, but of the entire Latin American community.

By the way, I hinted to President Fujimori how important his presence at the Group of Rio meeting in Quito would be and Fujimori replied that he intends to attend, because this summit will undoubtedly be a very important step toward the normalization of continental relations.

[EL UNIVERSAL] Did you meet with the Colombian president or other presidents visiting here?

[Caldera] I had several important meetings yesterday. I was honored to be visited by Colombian President Samper Pizano. We held a lengthy conversation. As you probably realize, between the two countries, between Venezuela and Colombia, there are many common issues forcing us to maintain permanent contacts, and President Samper reaffirmed his invitation for me to make an official visit to Bogota. This could take place immediately after the summit in Quito in September.

Delegations of several countries visited me. Among the most interesting was the visit of U.S. Assistant Secretary of State Mr. Alexander Watson and U.S. Interior Secretary Babbit and his wife, who is the U.S. ambassador to the OAS. I noticed the interest of this delegation to contact me and we were very pleased by their recognition and appreciation for the work being done in Venezuela.

I also met, as you can imagine, with friends of various political persuasions in Peru: Representatives of the Popular Christian Party, Movement for the Country's Unity, and the APRA [American Popular Revolutionary Alliance], which gave me a medal that honors Victor Raul Haya de la Torre. In other words, what we could consider the political spectrum of Peru, where I have friends of whom I am very fond.

Venezuela has not participated in gunrunning in any way. Someone, a con man tried to use Venezuela's name, in fact, he even falsified a document that was attributed to a Venezuelan soldier in order to justify a gunrunning operation that had another destination. However, this was cleared categorically. In fact, we are very interested in punishing those who committed this scam. They tried to involve Venezuela in an operation our country rejects entirely.

Ever since the conflict between Peru and Ecuador started, we issued a categorical order to stop any transactions involving weapons and ammunitions not only with these two countries, but with other countries of the hemisphere to avert suspicions about their final destination.

[EL UNIVERSAL] What have been the results of the modernization process your government has implemented in your country?

[Caldera] We are firmly committed to fight corruption, which is one of the evils that has caused more harm to Latin American democracies and even beyond our continent. We are firm in our struggle. In addition, we have agreed to sign an international agreement to prevent those who steal the people's funds through corrupt practices from seeking extraterritoriality by fleeing to other countries, and to expedite legal proceedings to prevent and repress this crime.

I have also appointed an official whom I have called presidential commissioner to oversee public administration. For this position I have chosen a person with a clean reputation, member of a small party, who has tenaciously and firmly fought political and administrative corruption. I have asked all government officials in my administration, beginning with the cabinet members, to submit all the information that the commissioner may require from them for any case, and to receive his recommendations as direct and personal instructions from the Presidency of the Republic. I have asked the public in general to present to the commissioner any report or suspicion of corruption in any government branch, with the certainty that it will be handled seriously and responsibly.

[EL UNIVERSAL] After your meeting with Samper you said you had discussed the need to change, modify the agenda for bilateral talks. This would mean putting in a second place the subject of border security, which has been particularly important after the Cararabo incident. Is Venezuela willing to make those changes?

[Caldera] The topic of border security cannot be downgraded. It is undoubtedly a priority matter. There are other specific subjects that are very important as well. The agenda will be ready before the presidential meeting, examined and reviewed by the foreign ministers who will hold a working session so that none of the important matters that need to be discussed by the presidents is left out.

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[EL UNIVERSAL] President Caldera, taking advantage of your presence in Peru, what will be the commercial policy toward our country and the Andean Pact?

[Caldera] There are many issues of the bilateral relations between Venezuela and Peru that have been considered and which must necessarily be expanded. For example, on petroleum issues, since the Peruvian Government is planning to privatize one of its main refineries there is the possibility that a Venezuelan syndicate could take part in the bidding process which is something that would be very meaningful to us.

Likewise, as relates to petrochemical matters, as well as other issues, there is the prospect of more trade flowing from Venezuela toward Peru. On the other hand, Venezuela is a major purchaser of Peruvian fish meal, as well as other main items of the economy, and we believe that there is room for this relationship to be strengthened further.

There are many possibilities that may even be a matter to be considered during the 21st century. Intercommunication between the nations of the continent is something indispensable be it by water such as the excellent project related to an Orinoco-Amazon-Plata navigation channel that would run all the way from Venezuela to Argentina, or even a Trans-Andean railroad. This would be a much safer and less costly mode of transportation. In fact, it would be more convenient and it would also boost trade relations between our countries. Even though these are projects that may not be materialized in the near future, they can still be discussed, evaluated, and addressed now so that they can be useful to future generations.

[EL UNIVERSAL] Mr. President, as to a change in the agenda of negotiations with Colombia, President Samper commented yesterday that the stolen vehicle problem should be included in the agenda because it is an obstacle in the relations between both nations. The Colombian president also commented that he had made a recommendation to Venezuela on the need to demand more guarantees from the insurance companies. Concerning this, what measures should Venezuela adopt, especially if Colombia decides to approve the so-called vehicle return bill [Ley de Devolucion de Vehiculos] that Samper is proposing?

[Caldera] Certainly, the issue of vehicles stolen in Venezuela and sold in Colombia is a sensitive one for all Venezuelans since the number of stolen vehicles are quite significant. When President Samper alluded to the likelihood of modifying the agenda he was not referring to reducing it, but on the contrary, to expanding it more. Venezuelans are very interested in making sure that the presidents' agenda includes this issue since it is extremely important to both nations.

[EL UNIVERSAL] What is the situation of the mining sector in Venezuela, since Venezuelan companies are thinking of investing in the mining sector in Peru?

[Caldera] Venezuela has a very rich mining industry and we are about to introduce a new bill in Congress that will establish a completely innovative mining policy. We do not want the mining industry to repeat the mistakes which may have been made when we first started our oil industry.

We want to take advantage of the experience we have gained in the oil industry and transfer this experience to our mining industry, to make our mineral wealth — which is substantial — essentially, and largely beneficial to our own people.

For example, we want to transfer to the mining industry the idea of strategic associations which we announced in the oil industry and which has been significant proof of Venezuela's economic aperture to the mining sector. We acknowledge and admire Peru's mining industry, but at this moment we want to give direct and immediate attention to Venezuela's mining industry.

[EL UNIVERSAL] You clearly stated that you support Venezuelan integration, above all in its ties with the Andean Pact and Mercosur. Do you believe that the border conflicts which Peru, Ecuador, Colombia, and Venezuela are experiencing could in the end weaken this integration goal? Also, would not the Mexican and Venezuelan ties through the Group of Three accelerate the desire for the rapid integration of the region?

[Caldera] There is no border conflict between Venezuela and Colombia. There is question as to the delimitations of the marine and submarine areas which is being dealt with through negotiations between the two nations, but which is not an affirmation of the existence of any conflict between the two nations. On the contrary, I can vouch that the border relations between the two republics is being handled with understanding, dialogue, and friendship.

Regarding Mexico, the fact that Colombia and Venezuela have a free trade agreement with Mexico constitutes, more or less, a step toward the integration process. In fact, if Mercosur and the Andean Group reach a harmonious agreement, this agreement could be extended to Mexico, paving the way toward the hemispheric agreement, so widely debated in the presidential summit in Miami, last year.

[EL UNIVERSAL] Mr. President, here in the southern nations, we have seen economic growth tied very high social cost, but the economic growth has been based on economic measures and decisions which have been recommended by multilateral organizations. In

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Venezuela we are on a path toward reforms which are apparently far removed from measures applied in those nations. Peru announced a 12-percent Gross Domestic Product (GDP) last year, with measures which had a high social cost. Would that stop Venezuela from joining in what you call integration in the economic field?

[Caldera] I have stated firmly that economic growth without social development is a contradiction, because the most important achievement of economic growth is not the generation of wealth, but the well-being of the people, concern for human beings, which must be the fundamental objective of good government.

I am happy to see that Brazilian President Fernando Henrique Cardoso has the same conviction, that economic development must have a social content. President Fujimori, in his speech yesterday, also gave importance to the social aspect. President Samper, in Colombia, proposed as one of his administration's basic concerns what he called the social leap. Not only this, the multilateral organizations, specifically the IMF, the World Bank, and the IDB [Inter-American Development Bank], through the commendable efforts of IDB President Enrique Iglesia, have insisted in recent years that the social aspect — attention to the social problem, the fight against poverty — has to be a fundamental objective of international economic cooperation.

[EL UNIVERSAL] Are you also going to privatize your oil companies?

[Caldera] Of course, each country has its own problems and its own solutions, but I maintain the nationalization of the oil industry, the various PDVSA affiliates, and Venezuelan Petroleum, Inc., continue under state control. However, we have opened up the possibility of strategic associations in specific activities, specific oil fields, specific areas of the country which could be exploited jointly with private capital. Nevertheless, state control over the oil industry continues to be a fundamental fact of our own policy.

Finance Minister Matos Azocar Interview

PA0208201795 Caracas EL UNIVERSAL in Spanish 30 Jul 95 p 1-12

[Interview with Venezuelan Finance Minister Luis Raul Matos Azocar by Roberto Giusti; place and date not given]

[FBIS Translated Text] [Giusti] Some time in the past, the minister's desk, the hall's leather couches, the small tables of fanciful design, and the slight atmosphere of the penthouse that serves as his office were custom-made for the common tastes of this banker with airs of a refined person. Apart from interventionism — the minister rejects economic dogmas — maybe his computer is the same where figures yielded unspeakable evidence at one time or another. Now it has been programmed to compare income tax returns with taxpayers' foreign debts, revealing precious data. The comparison reveals that 150 local enterprises, with $5 billion foreign credits, are evading taxes to the tune of 600 billion bolivares. There it is, this unconventional minister would say, perhaps the first minister from the rank and file, a worker's son, Democratic Action [AD] active member, a product of mass education, in whose lips the word "compañero" is always at hand. In short, he is a President's heresy and a headache to businessmen, who are used to dealing with their peers or someone eager to become one. Americo Martin writes in EL UNIVERSAL: "Our government regards correcting mistakes a dishonor. The President feels personally proud to maintain at all costs at least the front of his original platforms, even if the roof falls down on his head and the evidence implicates him. Matos — without doubt a smart person — soon found out that the key to success lies in shaping up the President's desires without questioning their value. This explains the higher value of Matos' shares in the market of power." What do you think about this opinion?

[Matos] It is an interpretation, that although coming from social fighters, slides on the surface. The mutual understanding between President Caldera's position and mine goes far beyond compromises as a function of power quotas. Whoever thinks I do what I do for the sake of power does not know me. And Americo knows much about compromises. The important thing is to keep the economic adjustments from weighing down on the sectors with less political power, as it has always happened.

[Giusti] Does a 70-percent inflation rate, as estimated by the Venezuelan Workers Confederation [CTV], not shock the less affluent population?

[Matos] You know how much time I devoted to advising CTV and the 17 Latin American workers federations. That opinion, however, does not reflect a rigorous analysis. According to information I have at hand, inflation dropped by 20 percent during the first semester this year in comparison with the first semester last year. Taking trend into consideration, inflation could stand at 50 percent. I can't see where this 70-percent figure may have come from. Whoever spoke like that disqualified himself as spokesperson for the CTV.

[Giusti] Don't you think 50 percent is an alarming figure?

[Matos] I can't say we are satisfied. A figure like that should worry a socially sensitive government. But,

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after last year's financial crisis, we cannot demand the application of formulas suddenly to lower the inflation rate to zero or less than two digits. There is no hyperinflation or rates higher than 100 percent.

[Giusti] Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry] has pointed out that the Matos Plan is not anti-inflationary on a short-term basis and that the pledges that the government signed in the Letter of Intent, such as lowering the fiscal deficit to 4 percent of the GNP, are not being, and will not be, complied with.

[Matos] Fedecamaras' proposal to take inflation down to zero immediately was debated during a meeting where some people proposed a shock treatment. I replied that there are hot water shocks and cold water shocks. The hot water shock consists of devaluing the currency and raising the price of gasoline. The cold water shock consists of self-freezing prices. Although neither of the two alternatives is being considered, the concern is valid because, since we were handed down a 900 billion bolivares deficit, the way we finance it will determine whether we have inflationary effects.

A prestigious economics magazine carried a table according to which there are only five countries in the world without a fiscal deficit. Sweden, for instance, has a deficit equivalent to 12 percent of its GNP. Venezuela's deficit is equivalent to five points of its GNP. The people who say the plan is not aimed at lowering the inflation, base their argument on the theory that covering for this deficit depends on the internal market because outside markets reportedly are closed to Venezuela. Mexico, nevertheless, placed $1 billion in this market, although no one thought it could. I wonder how outside markets can be closed to a country with reserves such as those of Venezuela, a country whose current account, unlike Mexico's or Colombia's, shows a positive flow and is backed by strategic raw materials.

[Giusti] If we measure international confidence in terms of risk, we will find that, for instance, the Standard and Poors report places Venezuela penultimate among the countries where investing is riskier. Venezuela is ranked under Pakistan, and Chile, Mexico, and Argentina in Latin America.

[Matos] I respect the methods of specialized enterprises, but, frankly, I wonder if in those countries with which Venezuela is compared there are 340 enterprises willing to invest in the oil area ignoring the country/risk factor. I also wonder if in those countries there are investors interested in buying aluminum manufacturing plants or banks, as it happens with the Bank of Venezuela. Peter Drocker used to say that an entrepreneur is not he who calculates risks but he who takes advantage of opportunities.

[Giusti] Does not the fact that the Venezuelan Investment Fund [FIV] did not succeed in making the expected privatizations constitute a failure?

[Matos] FIV has pointed out that conditions for privatization are not ripe. Nevertheless, we will start privatizing banks late this year and at the beginning of the next. In addition, the possibility of inviting investment banks to participate in the privatization of aluminum manufacturing plants is being considered. Anyway, the law requires that the revenue from these operations be incorporated starting in 1996. Consequently, we will have savings in such an operation if we estimate revenue from privatization at zero. Another source of savings consists of the negotiation conducted with the World Bank and the Inter-American Development Bank. According to this negotiation, we have lowered the average local contribution to each loan from 50 and even 70 percent to 30 percent. This means the goal can be reached.

[Giusti] By how much would the fiscal deficit be lowered?

[Matos] Between 370 and 380 billion bolivares.

[Giusti] And the remaining 600 billion?

[Matos] For this amount we will have to seek financing.

First the Tax Evaders, Then the Gasoline

[Giusti] With this fiscal gap, can the demand to raise the price of gasoline be regarded as an ideological obsession, as you said? By freezing the price of a product most of which is consumed by a minority with resources, are you not hitting the low-income sectors?

[Matos] It would be very easy for the government to devalue the currency and raise the price of gasoline. Some sectors would be pleased, but the idea is not to seek praises but to act with social justice and equity. Of course, there is a potential of revenue there, although neither yields the amounts that we would expect. Nor do we have the 600 billion bolivares in taxes that some groups of the Venezuelan society are evading. When the people see us acting in justice and collecting from fiscal evaders first, there will be very little resistance to an adjustment in the price of gasoline.

[Giusti] If the bankers received 1.5 billion bolivares and the depositors are still waiting for their money, how can we speak of social justice?

[Matos] Financial aid was given to protect the depositors. Certainly, there were not adequate control mechanisms but no one had imagined there existed fraud

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factors that violent in some financial groups. But this should not lead us to believe that the idea was to benefit some bankers who run away with the aid. The financial assistance had a social justice and equity purpose.

[Giusti] Results, rather than intentions, are what counts.

[Matos] Anyway, I assumed office as finance minister in February and so far no one can say I have authorized a single financial aid. As president of the Financial Emergency Board, I cut off this policy once and for all. Something I did endorse was an article in the Financial Emergency Law to guarantee equitable treatment for depositors. Now Fogade [Deposit Guarantee and Banking Protection Fund] has started to make the respective issuances and the depositors will receive what is owed to them according to the new law.

The Zero Barrier

[Giusti] Studies by specialized foreign firms indicate that the government is failing in the goal to stabilize the economy and reduce inflation. Exporters report losses due to an unfavorable exchange rate and industries such as the plastic industry announce massive closures. How long will the government maintain the current exchange policy?

[Matos] One would need to review the credibility of the analysis published by certain media because many interests are at stake. Cordiplan [Office of Coordination and Planning] indicators based on data from the Council of Industries, OCEI [Central Statistics and Data Processing Office], and the Central Bank of Venezuela, tell us that this year growth will surpass zero, thus breaking the 1994 minus four drop in growth. We will reach zero growth in the non-oil economy, thus halting the drop in that sector. Exports continue to increase, therefore the idea of parity in purchase power cannot be seen unilaterally. In fact, the IMF says that purchase power parity must be applied carefully among the industrialized and with greater caution in developing countries. Thus, export increases show the presence of other factors that compensate the possible overvalue of the bolivar.

We are currently carrying out an exchange with Professor Michael Porter's advisory group from Harvard University. They believe that most Latin American countries — including Venezuela — are using the wrong strategies as far as exports are concerned, because they rely on such factors as natural comparative advantages, use of exchange rates to recover competitive clout, and an institutional framework that backs the continuity of these strategies. What is important is to accept the capacity to innovate as fundamental.

A Partial End to Controls

[Giusti] How do these ideas compare to a 17-percent unemployment?

[Matos] Unemployment is not exclusive to Venezuela. Unemployment is a topic of great concern in countries such as Spain and France. Despite Menem and Cavallo's economic policies in Argentina, a 19-percent unemployment is the central debate. The same is happening in Brazil.

[Giusti] In Brazil unemployment is less than 5 percent. The same happens in Chile.

[Matos] I do not know the Chilean figure, but there is concern in Brazil and Argentina. We could be facing a situation whereby growth is not accompanied by a stepped-up generation of job opportunities. That is something we would be willing to review and our stand is to place emphasis on the construction industry, in infrastructure.

[Giusti] But the Construction Chamber has announced a negative growth rate for the sector.

[Matos] We will reverse that trend in the second semester.

[Giusti] It is understood that this will be under a controlled exchange scheme.

[Matos] From the very beginning it was said that exchange control was a temporary measure, an emergency measure to stop the violent drop in reserves. We achieved that goal and this has allowed us to meet payment commitments. We started to certify debt in an accelerated way and we are implementing a flexibilization agenda whose goal is to create the conditions to lift exchange controls in the commercial current account even if we have to maintain controls in the capital account for a longer period.

[Giusti] Some production sectors point out that they are losing increasingly larger portions of the market to imports. The plastic industry is an example.

[Matos] We would have to determine how competitive and efficient these companies are. If we opened the economy abruptly and not selectively, all of them should be able to sell cheaper than imported products. At any rate, a University of Boston economist said that cost analysis is not solely based on the exchange rate but should include customs and transportation costs and frictions in the system. All this can affect the importers' local supply.

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New Pilots with Old Maps

[Giusti] When will the Matos Plan reverse the situation and stabilize the economy?

[Matos] In 1995 it allowed us to stabilize the financial system and this was a key factor in defining the rhythm of recovery. It would be absurd to announce — with the inherited crisis — that we will recover this year. We established a realistic period of two years, from the rest of 1995 and all of 1996, to register accelerated positive growth in response to the achievement of immediate goals for 1995: to resort to foreign markets to finance the deficit without producing inflationary effects.

We must concentrate investments on construction and infrastructure to increase employment and lower the intensity of latent social conflicts. And finally, there is the agreement among businessmen, workers, and the government regarding social benefits without creating disadvantages for any of the players. This would give a definitive direction to our political economy.

[Giusti] Are those expectations not being built on doctrines and procedures that are definitely rooted in the past?

[Matos] In Venezuela we have many new pilots using old maps. There is nothing more obsolete than economic models drawn on Excel and Lotus. When macroeconomists come to talk to me they pull out a Lotus or Excel worksheets from their computers. The same is happening with the economic sciences that are now being nourished by the thought of men such as Douglas North, who will be visiting us next week. He believes that economic matters have a social nature in which the rules of the game, the players, and the institutional component are important elements.

[Giusti] In a market economy?

[Matos] In Venezuela, like it or not, we have a market economy. Only 5 percent of our products are subjected to price control. We should, however, try to establish a true market economy here. Statistics on the exchange regime indicate that there is strong concentration in one or two companies in the commerce area. This information should prompt research centers to carry out a study.

Monopoly on Sight

[Giusti] The Finance Ministry would have to change this.

[Matos] Among the goals of our economic policy is the promotion of competition. There seems to be competition in the food import sector, but we have detected a strong inclination to establish cartels and concentrations.

[Giusti] Should the Matos plan fail, Carlos Bernardez [president of Venezuelan Investment Fund] would be ready to implement a harsh and pure neoliberal policy once Caldera realizes that his original idea was not feasible, not even the Matos version.

[Matos] Our tenure in any government post is temporary. I maintain a position that I think the president shares; in fact, he reaffirmed this during a speech before Fedecamaras.

[Giusti] But for how long?

[Matos] For me the most important thing is to preserve the democratic system and I said so to the IMF president. Divorcing economic from socio-political matters is tantamount to condemning democracy. I also know that an exaggerated subjection of the economy to politics could undermine the bases of the system. The other element that must be preserved is that of the figure of the head of state, because this is necessary in order to ensure that a term is completed and new paths are opened. I have always believed that any short circuit in the operations of the government should be broken at the ministers' end.

Delivery of the Pact

[Giusti] It was sure broken by the development minister because the deadline for the signing of the anti-inflation pact expired and nothing happened.

[Matos] Dates can be changed. More important than dates is that the players acquire commitments and not sign pacts that will be broken, because the terms were unclear or the rules of the game not well understood. I complied with my responsibility of presenting an economic program and talking about the deficit with honesty. The other players must now determine how they will participate in an effort that is beyond deadlines and victories or defeats: an effort to generate wealth that will be equitably distributed.

[Giusti] But will there be an anti-inflation pact?

[Matos] The pact will be there to the extent that we live in an atmosphere of social peace, that the government, with or without the signing of a pact, decides to draft an economic program with a defined course, and that workers refrain from breaking the economic balance with salary demands and mass street demonstrations.

[Giusti] It will not be signed then.

[Matos] It is not my responsibility to define it.

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[Giusti] Has there been a change of mind in the secretary general of AD [Democratic Action]?

[Matos] I could not say whether that is true but I wish that all parties had the sufficient strength to renovate themselves. I personally have no intention to join any of them, but I think that the system needs parties that will once again become the hinges of the institutional apparatus. One of the positive aspects of this transition is the end of political hegemonies.

[Giusti] Should the Matos plan be successful, it is difficult to think that you would go home without trying to reach higher levels, not running for office.

[Matos] That would be the most direct way to kill the economic program. Imagine the number of enemies that the plan could have.

[Giusti] Do you have that many enemies?

[Matos] The way in which I have behaved in politics has allowed me to maintain harmonious relationships with most sectors. My vision goes beyond the present, because its character is existentialist, and does not necessarily imply my going home. There are places to wage social struggles that are beyond national territory. I will send you a card that reads: Luis Raul Matos, well traveled and glad to have been born.

[Giusti] You were a member of Lusinchi's cabinet, have you not found major similarities between this government and Lusinchi's? Is this not a glorified Lusinchi government?

[Matos] I would not be here if I had found one iota of similarity. I had profound conceptual differences with the Lusinchi government as time went by. People remember me saying: Who will pay for the cost of the adjustments? I see no similarities. Even the exchange control regime is completely different so far.

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